

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File: No: 500-11-048114-157

**IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED:**

**BLOOM LAKE GENERAL PARTNER
LIMITED, QUINTO MINING
CORPORATION, 8568391 CANADA
LIMITED, CLIFFS QUÉBEC IRON
MINING ULC, WABUSH IRON CO.
LIMITED AND WABUSH RESOURCES
INC.**

Petitioners

- and -

**THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP, BLOOM
LAKE RAILWAY COMPANY LIMITED,
WABUSH MINES, ARNAUD RAILWAY
COMPANY AND WABUSH LAKE
RAILWAY COMPANY LIMITED**

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

**FORTY-FIFTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 27, 2015, Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC (“**CQIM**”) (collectively, the “**Bloom Lake Petitioners**”) sought and obtained an initial order (as amended, restated or rectified from time to time, the “**Bloom Lake Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) from the Superior Court of Québec (the “**Court**”), providing for, *inter alia*, a stay of proceedings against the Bloom Lake Petitioners until February 26, 2015, (the “**Bloom Lake Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The relief granted in the Bloom Lake Initial Order was also extended to The Bloom Lake Iron Ore Mine Limited Partnership (“**Bloom Lake LP**”) and Bloom Lake Railway Company Limited (together with Bloom Lake LP, the “**Bloom Lake Mises-en-Cause**” and together with the Bloom Lake Petitioners, the “**Bloom Lake CCAA Parties**”). The proceedings commenced under the CCAA by the Bloom Lake CCAA Parties will be referred to herein as the “**CCAA Proceedings**”.
2. On May 20, 2015, the CCAA Proceedings were extended to include Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**” and together with WICL, the “**Wabush Petitioners**”), Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively the “**Wabush Mises-en-Cause**” and together with the Wabush Petitioners, the “**Wabush CCAA Parties**”) pursuant to an initial order (as amended, restated or rectified from time to time, the “**Wabush Initial Order**”) providing for, *inter alia*, a stay of proceedings against the Wabush CCAA Parties until June 19, 2015, (the “**Wabush Stay Period**”). The Bloom Lake CCAA Parties and the Wabush CCAA Parties will be referred to collectively herein as the “**CCAA Parties**”.

3. The Bloom Lake Stay Period and the Wabush Stay Period (together, the “**Stay Period**”) have been extended from time to time and currently expire on June 29, 2018.
4. On June 22, 2015, Mr. Justice Hamilton J.S.C. granted an Order (the “**June 22 Rep Order**”) *inter alia*:
 - (a) Appointing Michael Keeper, Terence Watt, Damien Lebel and Neil Johnson as representatives (the “**Representatives**”) of the Salaried Members (as defined in the June 22 Rep Order); and
 - (b) Appointing as legal counsel to the Representatives, Koskie Minsky LLP (“**KM**”) and Nicholas Scheib¹ (collectively “**Representative Counsel**”).
5. On December 21, 2017, Mr. Justice Hamilton granted an Order (together with the June 22 Rep Order, the “**Rep Order**”) *inter alia* appointing Fishman Flanz Meland Paquin LLP (“**FFMP**”) as Québec Representative Counsel in replacement of Mr. Scheib.
6. To date, the Monitor has filed forty-four reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Forty-Fifth Report (this “**Report**”), is to provide information to the Court with respect to:
 - (a) The remaining objection to the Participating CCAA Parties’ motion for the granting of the Meetings Order (the “**Meetings Order Motion**”), as described in the Monitor’s Forty-Fourth Report; and

¹ Mr. Scheib resigned the position in June 2017.

- (b) The motion filed by Representative Counsel dated April 6, 2018 (the “**April Rep Counsel Fee Motion**”) seeking, *inter alia*, the authorization for the Wabush CCAA Parties to pay the fees of Representative Counsel for the period April 1, 2018 to June 29, 2018, subject to a cap of \$255,000² (the “**Rep Fee Cap**”) and subject to invoices being approved by the Monitor.

TERMS OF REFERENCE

- 7. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Parties, the CCAA Parties’ books and records, certain financial information prepared by the CCAA Parties and discussions with various parties (the “**Information**”).
- 8. Except as described in this Report:
 - (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 9. The Monitor has prepared this Report in connection with the Meetings Order Motion and the April Rep Counsel Fee Motion, both scheduled to be heard April 16, 2018, and should not be relied on for other purposes.

² Notionally \$50,000 per month for KM and \$35,000 per month for FFMP.

10. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Bloom Lake Initial Order, the Wabush Initial Order or previous reports of the Monitor.

EXECUTIVE SUMMARY

12. There is no dispute that Representative Counsel and the USW are authorized to represent their members pursuant to their respective existing mandates. However, their existing mandates do not authorize them to vote on the Plan on behalf of their respective members. Representative Counsel and USW Counsel seek to expand those current mandates by requesting an Order that would enable them to vote the claims of their members without being appointed proxyholder by the creditors themselves.
13. With respect to the request by Representative Counsel and USW Counsel to be appointed as deemed proxyholder for the Salaried Members and the USW Members, respectively, in the circumstances of this case it is the Monitor's view that:
 - (a) There is no apparent need for Representative Counsel and USW Counsel to be appointed as deemed proxyholder for the Salaried Members and the USW Members, respectively;
 - (b) There is no apparent benefit to the process from Representative Counsel and USW Counsel being deemed to be appointed proxyholder for the Salaried Members and the USW Members, respectively;

- (c) The requested deemed appointment of Representative Counsel and USW Counsel as proxyholder for the Salaried Members and the USW Members, respectively, would enable Representative Counsel and USW Counsel to exercise an unwarranted degree of power that could jeopardize the otherwise potentially viable Plan, to the detriment of all Affected Unsecured Creditors; and
 - (d) The requested deemed appointment of Representative Counsel and USW Counsel as proxyholder for the Salaried Members and the USW Members, respectively, both of whom are have been unable or unwilling to confirm whether or not they would support the Plan, would remove the fundamental right of each individual Salaried Member and USW Member to cast their vote on the Plan as they see fit based on their individual circumstances or to abstain from voting if they wished to do so.
14. Accordingly, in the circumstances of this case, it is the Monitor's view that the request by Representative Counsel and USW Counsel for an Order deeming them as proxyholder for the Salaried Members and the USW Members, respectively, should not be granted.
15. With respect to the April Rep Counsel Fee Motion:
- (a) The Monitor has no specific recommendation in respect of the proposed Rep Fee Cap; and
 - (b) The Monitor remains concerned about potential duplication of effort between KM and FFMP, in part because the division of duties between KM and FFMP is unclear to the Monitor.

THE MEETINGS ORDER OBJECTIONS

16. As described in the Monitor's Forty-Fourth Report, on March 19, 2018, the Participating CCAA Parties filed the Meetings Order Motion requesting the granting of the Meetings Order *inter alia* accepting the filing of the Participating CCAA Parties' proposed joint plan of compromise and arrangement dated March 19, 2018 (as may be amended, the "**Plan**") and authorizing the convening of meetings of creditors to consider and vote on the Plan. In the Forty-Fourth Report, the Monitor also provided its recommendation that the Meetings Order be granted. For ease of reference, a copy of the Monitor's Forty-Fourth Report, without appendices, is attached hereto as **Appendix A**.
17. Pursuant to the provisions of the Bloom Lake Initial Order and the Wabush Initial Order, the deadline for the filing of notice of objections in respect of the Meetings Order Motion was March 22, 2018 (the "**Meetings Order Objection Deadline**").
18. Four notices of objection were filed by the Meetings Order Objection Deadline. The primary bases of the objections are summarized as follows:
 - (a) Representative Counsel:
 - (i) Additional time is required to review the Plan, determine the financial and legal consequences, if any, of the proposed distributions, the classification of creditors and the limited substantive consolidation provided for in the Plan;
 - (ii) The settlement of the Non-Filed Affiliate Transaction Matters benefits only the CQIM/Quinto Parties and prejudices all other creditors;

- (iii) The Salaried Members and other affected creditors should have the opportunity to review and, if necessary, contest the allowance of the Non-Filed Affiliate Unsecured Interco Claims and the Non-Filed Affiliate Secured Interco Claims;
 - (iv) The Salaried Members and Union retirees will receive no meaningful recovery should the Pension Claims be determined to be unsecured claims once the Pension Priority Matters are finally determined;
 - (v) It would be manifestly unfair for the creditors of the Wabush CCAA Parties to be required to vote on the Plan before the final determination of the Pension Priority Matters;
 - (vi) It would be manifestly unfair for the sanction hearing to proceed before the final determination of the Pension Priority Matters;
 - (vii) The Parent retains discretion with respect to the contents of the Plan;
 - (viii) The Plan does not explain how the Pension Claims will be paid if ultimately found to have the benefit of a deemed trust or statutory lien and charge; and
 - (ix) The Plan on its face is unreasonable and incapable of being sanctioned;
- (b) USW:

- (i) The Plan is difficult to assess without the assistance of professionals and the proposed timetable for the Meetings and the Sanction Motion are very short and do not provide enough time to make the necessary assessments;
 - (ii) It is unclear whether the USW will, under the Plan, be able to represent its members and exercise their rights at the Meetings; and
 - (iii) The objections of Representative Counsel are supported;
- (c) Pension Administrator:
- (i) Additional time is required to review the motion, consider its implications and seek clarification on a number of issues from the CCAA Parties and the Monitor;
 - (ii) It is unclear what the effect of the proposed limited substantive consolidation of Wabush Mines, WRI and WICL provided for under the Plan would be on potential recoveries for unsecured creditors;
 - (iii) It is unclear how the Pension Claims will be treated for voting purposes under the Plan;
 - (iv) There is no carve out from the releases provided for in the Plan for the Non-Filed Affiliate Employee Claims; and
 - (v) It would be unfair for the creditors of the Wabush CCAA Parties to be required to vote on the Plan before the final determination of the Pension Priority Matters and while the funds available to unsecured creditors remain uncertain;
- (d) City of Vermont:

- (i) Insufficient information has been provided to enable the City of Vermont to take a position on the Plan;
 - (ii) Unsecured creditors would not know the percentage distribution they would receive under the Plan; and
 - (iii) Additional time is required to review the motions.
19. The Monitor convened a meeting (the “**March 26 Meeting**”) with Representative Counsel, USW Counsel (together, the “**Objecting Parties**”) and counsel to the Pension Administrator, also attended by counsel to the CCAA Parties, on March 26, 2018, in order to provide further explanation of the Plan and the opportunity for the Objecting Parties to ask any questions or seek further clarifications with respect to the Plan or the proposed Meetings Order.
20. As the nature of the objections and the interests of the City of Vermont were somewhat different from those of the Objecting Parties, the Monitor suggested a separate discussion with counsel to the City of Vermont, rather than them attending the March 26 Meeting. That discussion took place by telephone on April 6, 2018, wherein the Monitor discussed the objections raised by the City of Vermont and addressed additional questions that the City of Vermont had with respect to the Plan. Counsel to the City of Vermont informed the Monitor on April 9, 2018, that the City of Vermont withdrew its objection.
21. Further discussions regarding the potential resolution of some or all of the objections took place with the Objecting Parties and the Pension Administrator and its counsel following the March 26 Meeting.
22. On April 11, 2018, counsel to the Pension Administrator confirmed that the Pension Administrator withdrew its objection.

23. As a result of discussions with the Objecting Parties, the CCAA Parties, with the concurrence of the Monitor, agreed to amend the proposed form of Meetings Order. A “black-line” comparing the revised proposed form of Meetings Order to the originally proposed form of Meetings Order is attached hereto as **Appendix B**. The key changes to the proposed form of Meetings Order are to remove:
- (a) Paragraph 13 which would require Representative Counsel and the USW to provide updated contact information for their respective constituents. This paragraph was considered unnecessary as the Monitor has contact information and the previous Order of the Court dated September 7, 2016, provides for the sharing of updated contact information collected by Representative Counsel or the USW; and
 - (b) Paragraph 17 setting the Non-Filed Affiliate Unsecured Interco Claims, the Non-Filed Affiliate Secured Interco Claims and the CCAA Party Pre-Filing Interco Claims for the purposes of the Plan. This paragraph was considered unnecessary as such claims would be set pursuant to the Plan, if approved and sanctioned.
24. As a result of the adjournment of the hearing of the motion for the Meetings Order, it became necessary to amend the timetable for the Creditors’ Meetings, Sanction Order and implementation of the Plan, if approved, and to obtain an extension of the deadline for Plan implementation under the Restructuring Term Sheet and the Plan (the “**Plan Implementation Deadline**”). The Non-Filed Affiliates would only agree to extend the Plan Implementation Deadline to July 31, 2018, provided that the Sanction Order is issued by no later than June 29, 2018. The extension was agreed on that basis.
25. Accordingly, the CCAA Parties, with the concurrence of the Monitor and the Non-Filed Affiliates, now propose the following amended timetable in respect of the Creditors’ Meetings and the Sanction Hearing:

- (a) Mailing of notices and materials – no later than April 27, 2018;
 - (b) Creditors’ Meetings – June 18, 2018;
 - (c) Filing of motion for Sanction of the Plan, if Plan is approved at the Creditors’ Meetings - no later than June 19, 2018
 - (d) Monitor’s Report on Creditors’ Meetings – no later than June 21, 2018;
 - (e) Deadline for objections to the Sanction Motion – June 26, 2018; and
 - (f) Sanction Hearing – June 29, 2018.
26. As noted above, the objections of City of Vermont and the Pension Administrator have been withdrawn. Representative Counsel and USW Counsel have both confirmed to the Monitor that they are satisfied with the proposed amended timetable and that they have no objection to the revised proposed form of Meetings Order other than that they will seek to include in the Meetings Order provisions deeming Representative Counsel and USW Counsel as proxy holder for each of the Salaried Members and USW Members respectively, with the right, in each case, to vote the Affected Unsecured Claims of each of the Salaried Members and the USW Members³ in their discretion either for or against the Plan.

DEEMED PROXIES FOR REPRESENTATIVE COUNSEL AND USW COUNSEL

27. Representative Counsel and USW Counsel seek to amend the proposed Meetings Order *inter alia* to include the following provisions:

“25. DECLARES that in respect of the Eligible Voting Claims of the Salaried Members and the Union Members:

³ Such Affected Unsecured Claims do not include the Pension Claims, which are claims of the Pension Administrator who will be entitled to appoint a proxy of its own choosing.

25.1 the Salaried Members Representative Counsel shall be deemed to be a Proxy holder in respect of each Eligible Voting Claim related to or arising from the employment of the Salaried Members and shall be entitled to vote them at a Meeting on their behalf, without the requirement for any Salaried Member to submit a Proxy to the Monitor, save in respect of any Salaried Member who, prior to a Meeting, notifies the Monitor by an instrument in writing that he revokes this deemed Proxy; and

25.2 the Union Counsel shall be deemed to be a Proxy holder in respect of each Eligible Voting Claim related to or arising from the employment of the Union Members and shall be entitled to vote them at a Meeting on their behalf, without the requirement for any Union Member to submit a Proxy to the Monitor, save in respect of any Union Member who, prior to a Meeting, notifies the Monitor by an instrument in writing that he revokes this deemed Proxy.

For greater certainty, however, only the Pension Plan Administrator or its designated Proxy may vote the Pension Claims.”

28. The effect of these provisions would be to deem Representative Counsel and USW Counsel as proxyholder for each of the Salaried Members and the USW Members respectively, subject to the ability for any individual Salaried Member or USW Member to revoke that proxy. Representative Counsel and USW Counsel confirmed to the Monitor that the deemed proxy was not intended to cover the Pension Claims. Under the proposed language, Representative Counsel and USW Counsel would have discretion to vote either for or against the Plan.

29. The Monitor has been informed by counsel to the CCAA Parties that it has identified ten CCAA cases since 2000 where both representative counsel for employees was appointed and a CCAA plan of compromise and arrangement was filed in which employee claims were affected. Of those ten cases:
- (a) In seven of those cases⁴, there was no deemed proxy for employee claims;
 - (b) In three cases⁵, there was a deemed proxy for employee claims that representative counsel was required to vote in favour of the plan; and
 - (c) In no case was there a deemed proxy for employee claims allowing representative counsel to vote in their discretion.
30. As noted, in each of the three cases where there was a deemed proxy for employee claims, the deemed proxy was required to vote in favour of the plan of arrangement. It appears, therefore, that the rationale for the granting of the “deemed proxy” in each of these cases was to facilitate the approval of the plan of arrangement. Furthermore, the Monitor understands that there was no reported opposition to the deeming of proxies in any of those cases.
31. In the case of Bloom/Wabush CCAA Proceedings, the deemed proxy mechanism requested by Representative Counsel and USW Counsel, if granted, would give discretion to Representative Counsel and USW Counsel to vote as they see fit and regardless of the wishes of the Salaried Members and the USW Members, subject to only to an opt-out right that could be exercised by appointing another proxy, which, as discussed later in this Report, may be difficult to exercise.

⁴ Air Canada, Canwest Global, Canwest Publishing, Fraser Papers, Cotton Ginny, Irwin Toy and Target.

⁵ Hollinger, Nortel and US Steel.

32. It is a fundamental concept of the CCAA that, where a plan of compromise or arrangement is proposed to creditors, each affected creditor is entitled to vote on the plan of arrangement in its own discretion. There is no dispute that Representative Counsel and the USW are authorized to represent their members pursuant to their respective existing mandates. However, their existing mandates do not authorize them to vote on the Plan on behalf of their respective members. The Rep Order does not provide Rep Counsel the right to vote on behalf of Salaried Members. Similarly, the USW is the bargaining agent for its members, but that does not entitle the USW to exercise voting rights on behalf of those members; for example, members would vote individually on a new collective bargaining agreement or on a strike mandate. Deeming Representative Counsel and USW Counsel as proxyholder removes the right of each individual creditor that is a Salaried Member or USW Member to vote as he or she sees fit. Creditors are also entitled to abstain from voting if they so wish. Deeming Representative Counsel and USW Counsel as proxy also removes the right of each individual creditor that is a Salaried Member or USW Member to abstain from voting if they wish to do so.
33. Furthermore, the Salaried Members and the USW Members are not homogeneous groups with identical claims and interests whose members could, at all times, be reasonably expected to vote in like manner.
34. The Monitor has cross-referenced information provided by the Pension Administrator on the members of the Hourly Pension Plan and the Salaried Pension Plan with the list of OPEB and other employee claim. This analysis shows the following:
 - (a) Of 1,736 Hourly Pension Plan members, 904 are retired and 832 are not retired;
 - (b) Of the 904 retired members of the Hourly Pension Plan, 678 have OPEB or other employee claims and 226 do not have OPEB or other employee claims;

- (c) Of the 832 non-retired members of the Hourly Pension Plan, 171 have OPEB or other employee claims and 661 do not have OPEB or other employee claims;
- (d) Nine USW Members have OPEB or other employee claims but do not appear to be members of the Hourly Pension Plan;
- (e) Of 640 members of the Salaried Pension Plan, 328 are retired and 312 are not retired;
- (f) Of the 328 retired members of the Salaried Pension Plan, 216 have OPEB or other employee claims and 112 do not have OPEB or other employee claims;
- (g) Of the 312 non-retired members of the Salaried Pension Plan, nine have OPEB or other employee claims and 303 do not have OPEB or other employee claims; and
- (h) Fourteen Salaried Members have OPEB or other employee claims but do not appear to be members of the Salaried Pension Plan.

35. In summary:

- (a) There are 849 USW Members that are members of the Hourly Pension Plan and also have an OPEB or other employee claim and there are 896 USW Members that are members of the Hourly Pension Plan or have an OPEB or other employee claim, but not both; and
- (b) There are 225 Salaried Members that are members of the Salaried Pension Plan and also have an OPEB or other employee claim and there are 429 Salaried Members that are member of the Salaried Pension Plan or have an OPEB or other employee claim, but not both.

36. In determining its position with respect to voting on the Plan, each individual creditor would consider the pros and cons, risks and rewards of voting for or against the Plan based on their own personal circumstances. Those individual circumstances may be very different because of financial circumstances, marital status, family situation, age or other factors and could lead to different motivations and risk tolerance levels that may affect how each individual would choose to vote on the Plan, or at what point the individual may change their decision from potentially voting against to voting for the Plan. For example, person A may have a different risk tolerance for settlement versus litigation than person B; if there was negotiation to provide for additional consideration to certain classes, person C may be satisfied with amount X while person D may want to push for amount Y; person E may value a quicker resolution more highly than person F; person G may want a higher pension benefit paid over time while person H may prefer a higher cash payment on account of their OPEB Claim.
37. While the deemed proxy concept proposed by Representative Counsel and USW Counsel might purport to provide the ability for individuals to vote as they see fit by providing the ability for Salaried Members and USW Members with an opportunity to revoke the deemed proxy, that may not, in the Monitor's view, be the case in practice as that right might be difficult to exercise in circumstances where the deemed proxy is not for the stated purposes of voting for the Plan, as was the case in all other situations where a deemed proxy was ordered.
38. In this case, there is no requirement that the proposed deemed proxy be voted a certain way. Instead, Representative Counsel and USW Counsel are requesting that they be given full and absolute discretion as to how to vote the individual claims of their respective members. That would mean that the individual Salaried Members and USW Members would not know definitively how the deemed proxies would be voted and would therefore be unable to determine whether they wished to revoke the deemed proxy unless and until the voting intent Representative Counsel or USW is communicated to them.

39. Even if it was confirmed to the Salaried Members and the USW Members that the deemed proxies currently intended to vote against the Plan, that position could change at any time up to the actual vote at the Creditors' Meeting. If the change in position occurred at or close to the Creditors' Meeting, there would be no feasible way for the Salaried Members and USW Members to be informed of the change of voting intent and for any individual that still wished to register a vote against the Plan to revoke the deemed proxy and cast their vote without significantly delaying the Creditors' Meetings.
40. It appears to the Monitor that the motivation of Representative Counsel and USW Counsel to seek to be appointed as "deemed proxyholder" for Salaried Members and Union Members, respectively, is, at least in part, not to facilitate the approval of the Plan, but to maximize potential leverage to renegotiate the terms of the Plan by having the ability to cast a higher number of votes against the Plan than they might otherwise be able to do in the circumstances where the Salaried Members and the USW Members were free to appoint a proxyholder of their choice, vote in their own discretion or choose not to participate in the voting process.
41. The result of granting the requested deemed proxy could be considered analogous to situations where parties have sought to obtain potential additional leverage in respect of plans of arrangement through arguments about classification of creditors. The Monitor has been informed by its counsel that courts have consistently resisted efforts by creditors in CCAA proceedings to facilitate such leverage where it could jeopardize potentially viable plans of arrangement⁶ to the potential detriment of affected creditors generally.

⁶ For example, in *Re Canadian Airlines* (2000 CarswellAlta 623) – ABQB, leave to appeal refused 2000 ABCA 149; *Re Stelco Inc.*, (2005 CarswellOnt 6818) – ONCA; *Sklar-Peppler Furniture Corp. v Bank of Nova Scotia* (1991 CarswellOnt 220) – Ontario Court of Justice, Commercial List.

42. The Monitor also notes that the completion and submission of a proxy form by any creditor that wishes to cast a vote on the Plan without attending the Creditors' Meeting is neither difficult nor time consuming and has no cost if submitted by email or only the nominal cost of printing and postage if submitted in hard copy. If a Salaried Member or a USW Member wishes to appoint an individual from Representative Counsel or USW Counsel as his or her proxyholder, they can very easily do so using the standard proxy process and form. Indeed, both Representative Counsel and USW Counsel have stated that they expect that many of their respective members would do so if their requested deemed structure was not granted. Accordingly, in the Monitor's view, there is no apparent need to appoint deemed proxies or any material tangible procedural benefit from doing so that would outweigh the concerns described above.
43. In the Monitor's view, in the circumstances of this case:
- (a) There is no apparent need for Representative Counsel and USW Counsel to be appointed as deemed proxyholders for the Salaried Members and the USW Members, respectively;
 - (b) There is no apparent benefit to the process from Representative Counsel and USW Counsel being deemed to be appointed proxyholder for the Salaried Members and the USW Members, respectively;
 - (c) The deemed appointment of Representative Counsel and USW Counsel as proxyholder for the Salaried Members and the USW Members, respectively, would enable Representative Counsel and USW Counsel to exercise an unwarranted degree of power that could jeopardize the otherwise potentially viable Plan, to the detriment of all Affected Unsecured Creditors; and

(d) The proposed deemed appointment of Representative Counsel and USW Counsel as proxyholder for the Salaried Members and the USW Members respectively, both of whom have been unable or unwilling to confirm whether or not they would support the Plan, would remove the fundamental right of each individual Salaried Member and USW Member to cast their vote on the Plan as they see fit based on their individual circumstances or to abstain from voting if they wished to do so.

44. Accordingly, in the circumstances of this case, it is the Monitor's respectful view that the proposed Order deeming Representative Counsel and USW Counsel as proxy for the Salaried Members and the USW Members, respectively, should not be granted.

APRIL REP COUNSEL FEE MOTION

45. While the Monitor has no specific recommendation in respect of the proposed Rep Fee Cap, the Monitor does have a concern with respect to the potential conflict of interest arising as a result of Representative Counsel representing those Salaried Members that are beneficiaries of the Salaried Pension Plan but do not have OPEB Claims and those Salaried Members that do have OPEB Claims that is now apparent from the analysis of the Plan described in the Monitor's Forty-Fourth Report. In addition, the division of duties between KM and FFMP is unclear to the Monitor and the Monitor remains concerned about potential duplication of effort between KM and FFMP.

REPRESENTATIVE COUNSEL FEES TO DATE

46. Representative Counsel fees to date are summarized as follows:

Period	KM	Québec Co-Counsel	Total	Cap
June 22, 2015 to September 2016	\$507,331.50	\$96,728.00	\$604,059.50	\$195,000.00
October 2016 to January 2017	\$125,355.00	\$28,810.00	\$154,165.00	\$140,000.00
February to June 2017	\$180,665.00	\$10,390.00	\$191,055.00	\$200,000.00
July to November 2017	\$148,421.00	\$0.00	\$148,421.00	\$200,000.00
December 2017 to March 2018	\$150,977.00	\$108,679.50	\$259,656.50	\$260,000.00
Total	\$1,112,749.50	\$244,607.50	\$1,357,357.00	\$995,000.00
Monthly Average				
June 22, 2015 to September 2016	\$31,708.22	\$6,045.50	\$37,753.72	\$13,000.00
October 2016 to January 2017	\$31,338.75	\$7,202.50	\$38,541.25	\$35,000.00
February to June 2017	\$36,133.00	\$2,078.00	\$38,211.00	\$40,000.00
July to November 2017	\$29,684.20	\$0.00	\$29,684.20	\$40,000.00
December 2017 to March 2018	\$30,195.40	\$21,735.90	\$51,931.30	\$65,000.00
Total	\$33,719.68	\$7,412.35	\$41,132.03	\$30,151.52

47. The Order of Mr. Justice Hamilton granted December 21, 2017 (the “**Fifth Rep Fee Order**”), requires that the Monitor approve the invoices of Representative Counsel. In granting the Order, Justice Hamilton expressed concern that there not be duplication of charges by Representative Counsel.
48. The Monitor has reviewed and approved the invoices of Representative Counsel for December 2017, January 2018 and February 2018⁷. There was no apparent material duplication in those invoices, though the sparsity of the docket descriptions in those invoices made it difficult to assess that issue with any significant degree of certainty. The Monitor has asked Representative Counsel to provide more detailed docket descriptions for future invoices to facilitate its review.

POTENTIAL CONFLICT OF INTEREST

49. In its Forty-Fourth Report, the Monitor provided its estimates of amounts that would be recovered by unsecured creditors of the CCAA Parties under the Plan and without the Plan. Each of those estimates were provided under two scenarios:

⁷ The March invoices were only provided to the Monitor on April 11, 2018, and as at the date of this Report the Monitor had not yet had the opportunity to review those invoices.

- (a) Scenario 1 – low distribution to Affected Unsecured Creditors which assumes the following:
 - (i) There are no additional realizations;
 - (ii) Unresolved claims are allowed in the amount filed; and
 - (iii) Pension Claims are determined to be subject to a deemed trust over all Wabush CCAA Party assets in priority to all other Claims;

- (b) Scenario 2 – high distribution to Affected Unsecured Creditors which assumes the following:
 - (i) Incremental realizations from various tax refunds, the MFC Minimum Royalty Litigation and other minor assets;
 - (ii) Unresolved claims are allowed at the minimum potential amount; and
 - (iii) Pension Claims are unsecured claims.

50. As set out in the Monitor's Forty-Fourth Report, it is clear that overall recoveries for Affected Unsecured Creditors would be higher if the Plan is implemented than if the Plan is not implemented, given the Monitor's view that a better recovery in respect of the Non-Filed Affiliate Transaction Matters is unlikely outside the proposed Plan. It is also clear that recoveries on account of the Pension Claims would be significantly higher if the Plan is implemented than if the Plan is not implemented, regardless of whether the Pension Claims are subject to a deemed trust or not.

51. It is also clear that regardless of whether or not the Plan is implemented, recovery on account of the Pension Claims would be materially higher if the Pension Priority Decision is overturned on appeal and the Pension Claims were subject to a deemed trust than if the Pension Priority Decision is upheld and the Pension Claims are unsecured claims. However, the increased recoveries on account of the Pension Claims in that scenario would come at the expense of the unsecured creditors of the Wabush CCAA Parties, of which the OPEB Claims, in the aggregate, represent a significant proportion. Accordingly, there is a potential conflict of interest between Representative Counsel's efforts to maximize recoveries on account of the Pension Claims through its appeal of the Pension Priority Decision⁸ and its role in representing individuals with OPEB Claims as it is possible that some individuals with OPEB Claims that are also members of one of the Pension Plans might prefer a higher pension benefit paid over time and other individuals might prefer a higher and potentially earlier cash payment on account of their OPEB Claim.

DUPLICATION OF EFFORT

52. The April Rep Fee Motion states that KM and FFMP do not duplicate professional services. However, the division of duties between KM and FFMP remains unclear to the Monitor and consequently Monitor remains concerned that there may be significant overlap between KM and FFMP in certain areas.

⁸ The Pension Priority Decision was appealed by Representative Counsel, the USW, OSFI and the Newfoundland regulator, though not by the Pension Administrator which holds the Pension Claims.

The Monitor respectfully submits to the Court this, its Forty-Fifth Report.

Dated this 13th day of April, 2018.

FTI Consulting Canada Inc.

In its capacity as Monitor of

Bloom Lake General Partner Limited, Quinto Mining Corporation,

8568391 Canada Limited, Cliffs Québec Iron Mining ULC,

Wabush Iron Co. Limited, Wabush Resources Inc.,

The Bloom Lake Iron Ore Mine Limited Partnership,

Bloom Lake Railway Company Limited, Wabush Mines,

Arnaud Railway Company and Wabush Lake Railway Company Limited



Nigel D. Meakin

Senior Managing Director

Appendix A

**The Monitor's Forty-Fourth Report
(without appendices)**

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File: No: 500-11-048114-157

**IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED:**

**BLOOM LAKE GENERAL PARTNER
LIMITED, QUINTO MINING
CORPORATION, 8568391 CANADA
LIMITED, CLIFFS QUÉBEC IRON
MINING ULC, WABUSH IRON CO.
LIMITED AND WABUSH RESOURCES
INC.**

Petitioners

- and -

**THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP, BLOOM
LAKE RAILWAY COMPANY LIMITED,
WABUSH MINES, ARNAUD RAILWAY
COMPANY AND WABUSH LAKE
RAILWAY COMPANY LIMITED**

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

**FORTY-FOURTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 27, 2015, Bloom Lake General Partner Limited (“**BLGP**”), Quinto Mining Corporation (“**Quinto**”), 8568391 Canada Limited (“**856**”) and Cliffs Québec Iron Mining ULC (“**CQIM**”) (collectively, the “**Bloom Lake Petitioners**”) sought and obtained an initial order (as amended, restated or rectified from time to time, the “**Bloom Lake Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) from the Superior Court of Québec (the “**Court**”), providing for, *inter alia*, a stay of proceedings against the Bloom Lake Petitioners until February 26, 2015, (the “**Bloom Lake Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The relief granted in the Bloom Lake Initial Order was also extended to The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Bloom Lake Railway Company Limited (“**BLRC**” and, together with Bloom Lake LP, the “**Bloom Lake Mises-en-Cause**” and together with the Bloom Lake Petitioners, the “**Bloom Lake CCAA Parties**”). The proceedings commenced under the CCAA by the Bloom Lake CCAA Parties will be referred to herein as the “**CCAA Proceedings**”.

2. On May 20, 2015, the CCAA Proceedings were extended to include Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**” and together with WICL, the “**Wabush Petitioners**”), Wabush Mines, Arnaud Railway Company (“**Arnaud**”) and Wabush Lake Railway Company Limited (“**Wabush Railway**” and, collectively with Arnaud and Wabush Mines, the “**Wabush Mises-en-Cause**” and together with the Wabush Petitioners, the “**Wabush CCAA Parties**”) pursuant to an initial order (as amended, restated or rectified from time to time, the “**Wabush Initial Order**”) providing for, *inter alia*, a stay of proceedings against the Wabush CCAA Parties until June 19, 2015, (the “**Wabush Stay Period**”). The Bloom Lake CCAA Parties and the Wabush CCAA Parties will be referred to collectively herein as the “**CCAA Parties**”.
3. The Bloom Lake Stay Period and the Wabush Stay Period (together, the “**Stay Period**”) have been extended from time to time and currently expire on March 30, 2018. The CCAA Parties have filed a motion for an extension of the Stay Period to June 29, 2018, which motion is returnable March 26, 2018. The motion for the extension of the Stay Period is addressed in the Monitor’s Forty-Third Report.
4. On June 22, 2015, Mr. Justice Hamilton J.S.C. granted an Order (the “**June 22 Rep Order**”) *inter alia*:
 - (a) Appointing Michael Keeper, Terence Watt, Damin Lebel and Neil Johnson as representatives (the “**Representatives**”) of the Salaried Members (as defined in the June 22 Rep Order); and
 - (b) Appointing as legal counsel to the Representatives, Koskie Minsky LLP and Nicholas Scheib¹ (collectively “**Representative Counsel**”).

¹ Mr. Scheib resigned the position in June 2017 and was replaced by Fishman Flanz Meland Paquin LLP effective October 1, 2017, pursuant to an Order granted December 21, 2017.

5. On November 5, 2015, Mr. Justice Hamilton J.S.C. granted an Order (as amended on November 16, 2015, the “**Claims Procedure Order**”) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers (the “**Claims Procedure**”).
6. On July 25, 2017, Mr. Justice Hamilton J.S.C. granted an Order (the “**Allocation Methodology Order**”) *inter alia* approving a methodology for the allocation of the proceeds of realizations and the costs of the CCAA Proceedings amongst the CCAA Parties and, to the extent necessary, amongst assets or asset categories (the “**Allocation Methodology**”)².
7. To date, the Monitor has filed forty-three reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Forty-Fourth Report (this “**Report**”), is to provide information to the Court with respect to:
 - (a) The CCAA Parties’ request for an Order (the “**Meetings Order**”) *inter alia* accepting the filing of the Participating CCAA Parties’ proposed joint plan of compromise and arrangement dated March 19, 2018 (the “**Plan**”) and authorizing the convening of meetings of creditors to consider and vote on the Plan and the Monitor’s recommendation thereon;
 - (b) The Monitor’s assessment of the Plan; and
 - (c) The CCAA Parties’ request for an Order (the “**Post-Filing Claims Procedure Order**”) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties or their directors and officers arising since the commencement dates of the CCAA Proceedings (the “**Post-Filing Claims Procedure**”) and the Monitor’s recommendation thereon.

² The City of Fermont sought and obtained leave to appeal one aspect of the Allocation Methodology Order, which appeal was heard March 14, 2018. The Court of Appeal reserved its decision.

TERMS OF REFERENCE

8. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Parties, the CCAA Parties' books and records, certain financial information prepared by the CCAA Parties and discussions with various parties (the "**Information**").
9. Except as described in this Report:
 - (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
10. The Monitor has prepared this Report in connection with the CCAA Parties' motions for the granting of the Meetings Order and the Post-Filing Claims Procedure Order scheduled to be heard March 26, 2018, and should not be relied on for other purposes.
11. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Bloom Lake Initial Order, the Wabush Initial Order or previous reports of the Monitor.

EXECUTIVE SUMMARY

13. With respect to the Participating CCAA Parties' request for the Meetings Order:
 - (a) The Monitor is of the view that the Meetings Order provides for reasonable and sufficient notice of the Creditors' Meetings to be provided to Affected Unsecured Creditors;
 - (b) The Monitor is of the view that the proposed limited substantive consolidation under the Plan is appropriate in the circumstances and that there is no material prejudice arising from such proposed limited substantive consolidation;
 - (c) Having considered the factors set out in section 22(2) of the CCAA, the Monitor is of the view that the classification of creditors as contemplated by the Meetings Order and the Plan is reasonable and appropriate; and
 - (d) The Monitor respectfully recommends that the Participating CCAA Parties' request for the Meetings Order be granted.

14. With respect to the CCAA Parties' request for the Post-Filing Claims Procedure Order:
 - (a) The Monitor is of the view that the Post-Filing Claims Procedure is appropriate, fair and reasonable in the circumstances and that the granting of the Post-Filing Claims Procedure Order is justified; and
 - (b) The Monitor respectfully recommends that the CCAA Parties' request for the Post-Filing Claims Procedure Order be granted.

REQUEST FOR THE MEETINGS ORDER

15. As noted earlier in the Report, the Participating CCAA Parties are seeking the granting of the Meetings Order, *inter alia*, accepting the filing of the Plan, approving the limited substantive consolidation of certain estates for the purposes of the Plan, approving the classification of creditors for the purposes of voting on and receiving distributions under the Plan and authorizing the convening of meetings of creditors to consider and vote on the Plan.
16. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Plan, a copy of which is attached hereto as **Appendix A**.

THE PLAN

17. Paragraph 6 of the Bloom Lake Initial Order states that the Court:

“6. DECLARES that the Petitioners and the Mises-en-cause (collectively hereinafter referred to as the "CCAA Parties") shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "Plan") in accordance with the CCAA”

18. Paragraph 5 of the Wabush Initial Order states that the Court:

“5. DECLARES that the Wabush Petitioners and the Wabush Mises-en-cause (collectively hereinafter referred to as the "Wabush CCAA Parties") shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "Plan") in accordance with the CCAA”

19. The Plan seeks to implement the principal terms of a settlement between the Participating CCAA Parties and Non-Filed Affiliates, as negotiated between the Monitor and the Non-Filed Affiliates and as set out in the restructuring term sheet dated March 14, 2018 (the “**Restructuring Term Sheet**”)³. The Restructuring Term Sheet was summarized in the Monitor’s Forty-Third Report. An analysis of the settlement and the benefits thereof is provided later in this Report.
20. The Plan is a joint plan, filed by all of the CCAA Parties other than 856 and BLRC, neither of which has any pre-filing creditors, as determined pursuant to the Claims Procedure. It is intended that 856 and BLRC will be dissolved subsequent to the Post-Filing Claims Bar Date, as defined in the Post-Filing Claims Procedure.
21. Pursuant to the Plan, all amounts that would otherwise be payable to the Non-Filed Affiliates on account of their secured and unsecured claims (collectively, such amounts being the “**Non-Filed Affiliate Distribution/Payment Contribution**”) will be contributed for the benefit of the Affected Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class, including any other CCAA Parties that are creditors in that Unsecured Creditor Class. The Non-Filed Affiliate Distribution/Payment Contribution is to be contributed for the benefit of the Affected Unsecured Creditors in the CQIM/Quinto Unsecured Class because CQIM is the CCAA Party that would be entitled to assert the Non-Filed Affiliate Transaction Claims that are to be settled through the Plan. As further described later in this Report, the Monitor currently estimates that the value of the Non-Filed Affiliate Distribution/Payment Contribution is likely to be in the range of approximately \$57 million to \$95 million.

³ Subsequent to the execution of the Restructuring Term Sheet, it was discovered that Schedule “A” to the Restructuring Term Sheet, being the summary of Non-Filed Affiliate Unsecured Interco Claims, inadvertently included a Non-Filed Affiliate Unsecured Interco Claim held by Knoll Lake Minerals Limited (“Knoll Lake”) against WICL and WRI. Knoll Lake was not a wholly-owned subsidiary and the shares in Knoll Lake held by WICL and WRI were transferred to the purchaser of the Scully Mine as part of the Scully Mine Transaction in July 2017. The parties to the Restructuring Term Sheet agreed, with the Monitor’s consent, to replace Schedule “A” with a corrected schedule which removes the Knoll Lake claim.

22. In addition, the Non-Filed Affiliates will make an additional cash contribution of \$5 million for the benefit of the Affected Third Party Unsecured Creditors of the Participating CCAA Parties (the “**Non-Filed Affiliate Cash Contribution**”) which will be allocated amongst the Participating CCAA Parties as follows:
 - (a) \$4 million to the CQIM/Quinto Unsecured Creditor Cash Pool; and
 - (b) \$1 million to be allocated among the Unsecured Creditor Cash Pools of the other Participating CCAA Parties pro rata based on the Proven Affected Third Party Unsecured Claims in the Unsecured Creditor Class applicable to each Participating CCAA Party.
23. The Plan provides for interim distributions to be made from time to time on account of Proven Affected Unsecured Claims. No distribution in respect of an Affected Unsecured Claim will be made until it is a Proven Claim.
24. An interim distribution will be made to Affected Third Party Unsecured Creditors of the Participating Bloom Lake CCAA Parties as soon as reasonably practicable after the Plan Implementation Date.
25. No Distribution of any kind shall be made to Creditors, including to Affected Unsecured Creditors or Secured Creditors, of the Wabush CCAA Parties until the Final Determination of the issues relating to Pension Claims that are the subject matter of the Pension Priority Proceedings.
26. The Plan does not determine the issues relating to the Pension Claims that are the subject matter of the Pension Priority Proceedings and all interested parties will reserve all rights in respect of their positions on those issues. The Plan does, however, govern the treatment of the Pension Claims for voting purposes and, when matters related to the Pension Priority Motion are Finally Determined, for distribution purposes.

Classification of Creditors

27. For the purposes of considering and voting on the Plan and receiving a distribution thereunder, the Plan provides for five classes of creditors (each an “**Unsecured Creditor Class**”, and together the “**Unsecured Creditor Classes**”):
- (a) The CQIM/Quinto Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the CQIM/Quinto Parties;
 - (b) The BL Parties Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the BL Parties;
 - (c) The Wabush Mines Parties Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of any of the Wabush Mines Parties;
 - (d) The Arnaud Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of Arnaud; and
 - (e) The Wabush Railway Unsecured Creditor Class, being comprised of Affected Unsecured Creditors of Wabush Railway.
28. The Unsecured Creditor Classes provide for limited substantive consolidation for the purposes of the Plan of:
- (a) CQIM and Quinto;
 - (b) BLGP and BLLP; and
 - (c) WICL, WRI and Wabush Mines.

29. Quinto is a wholly owned subsidiary of CQIM and the only claims against Quinto are claims of the Parent and another Non-Filed Affiliate in the aggregate amount of approximately \$16.9 million and the claim of BLLP in the *de minimis* amount of \$11,465. Under the Plan, distributions by Quinto to the Parent and the other Non-Filed Affiliates would be contributed to CQIM. While the consolidation would dilute the distribution on account of the BLLP claim, the potential distribution on account of the BLLP claim absent consolidation would only be approximately \$5,500, which amount is immaterial to the estate of BLLP and its Affected Third Party Unsecured Creditors. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of CQIM and Quinto for the purposes of the Plan.
30. Furthermore, pursuant to section 22(3) of the CCAA, related party creditors may vote against, but not for, a plan. As Quinto has no creditors that are not related party creditors, it would not be possible for a plan that had a separate class of creditors for Quinto to be approved by the requisite majorities of creditors.
31. BLGP is the general partner of BLLP. All of the Affected Third Party Unsecured Claims against BLGP are also filed jointly and severally against BLLP except for two claims in the aggregate amount of approximately \$1.6 million. BLGP has no realizations. Affected Third Party Unsecured Claims against BLLP total approximately \$750 million. The inclusion of the two claims solely filed against BLGP has a *de minimis* impact on distributions to the BL Parties Unsecured Creditor Class. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of BLGP and BLLP for the purposes of the Plan.

32. As previously reported, Wabush Mines is an unincorporated contractual joint venture subject to and governed by the laws of Newfoundland and Labrador. It is not a legal entity and therefore has no assets and liabilities in its own right. Any claims filed against Wabush Mines in the Claims Procedure would be claims against WICL and WRI.
33. Based on the Claims Procedure, the Monitor is satisfied that WICL and WRI share common creditor pools and it appears that that the claims filed against WICL and WRI relate to liabilities incurred in connection with the operation of Wabush Mines. Accordingly, the Monitor is of the view that there is no apparent material prejudice from the proposed consolidation of WICL, WRI and Wabush Mines.

Payments to Secured Creditors

34. Secured Creditors will be unaffected by the Plan and shall not be permitted to vote on the Plan. Secured Creditors will receive payment of the Allocated Value, as determined by the Monitor in accordance with the Allocation Methodology, applicable to their Proven Secured Claim.
35. Amounts paid to Non-Filed Affiliates on account of Non-Filed Affiliate Secured Interco Claims (the “**Non-Filed Affiliate Secured Payments**”) will be contributed to the CQIM/Quinto Unsecured Creditor Cash Pool as part of the Non-Filed Affiliate Distribution/Payment Contribution.

Distributions to Unsecured Creditors

36. Affected Unsecured Creditors with Proven Claims will receive a pro-rata share of the applicable Unsecured Creditor Cash Pool. The Unsecured Creditor Cash Pool available to each Unsecured Creditor Class will ultimately be the net proceeds of realization of the assets of the applicable Participating CCAA Party after all costs of the CCAA Proceedings in accordance with the Allocation Methodology, less amounts paid to prior ranking or Unaffected Creditors.
37. Distributions will be calculated as follows:

- (a) First, a calculation of the pro-rata amounts for distribution in each Unsecured Creditor Class will be made, including the claims of Non-Filed Affiliates and other CCAA Parties, from which the amount to be included in the Non-Filed Affiliate Distribution/Payment Contribution can be calculated;
- (b) Second, the CQIM/Quinto Unsecured Creditor Cash Pool will be increased by the amount of the Non-Filed Affiliate Distribution/Payment Contribution and the other applicable Unsecured Creditor Cash Pools shall be decreased to account for payments on account of the Non-Filed Affiliate Distribution/Payment Contribution out of each such Unsecured Creditor Cash Pool. A calculation of the pro-rata amounts for distribution to Affected Unsecured Creditors other than Non-Filed Affiliates in each Unsecured Creditor Class will be made, including the claims of the Participating CCAA Parties; and
- (c) Third, each Unsecured Creditor Cash Pool will be adjusted by the amount of any distributions received or paid between the applicable Participating CCAA Parties under the second step and increased by the applicable amount of the Non-Filed Affiliate Cash Contribution. A calculation of the pro-rata amounts for distribution to Affected Third Party Unsecured Creditors in each Unsecured Creditor Class will be made excluding the claims of the other CCAA Parties and the claims of Non-Filed Affiliates.

38. The effect of the aforementioned calculations is as follows:

- (a) Affected Third Party Unsecured Creditors in the CQIM/Quinto Unsecured Creditor Class will receive, in addition to the recoveries that they would otherwise receive, the benefit of the Non-Filed Affiliate Distribution/Payment Contribution (other than amounts that would flow to Participating CCAA Parties that are creditors of CQIM/Quinto) and \$4 million of the Non-Filed Affiliate Cash Contribution; and
 - (b) Affected Third Party Unsecured Creditors in the other Unsecured Creditor Classes will receive, in addition to the recoveries that they would otherwise receive, the benefit of that Unsecured Creditor Class's pro rata share of the remaining \$1 million of the Non-Filed Affiliate Cash Contribution, plus the benefit of any amount of the Non-Filed Affiliate Distribution/Payment Contribution that flows to those other Participating CCAA Parties by virtue of their claims in the CQIM/Quinto Unsecured Creditor Class.
39. Further analysis of the estimated benefits to Affected Third Party Unsecured Creditors in each Unsecured Creditor Class is provided later in this Report.

Treatment of Other Claims

40. Excluded Claims will not be compromised by the Plan. Excluded Claims include:
- (a) All claims against the Participating CCAA Parties in respect of obligations first arising on or after the Filing Date, other than Restructuring Claims and D&O Claims;
 - (b) Any claim secured by any CCAA Charge; and
 - (c) Any claim with respect to fees and disbursements incurred by counsel for any CCAA Party, Director, the Monitor, Claims Officer, any financial advisor retained by any of the foregoing, or Representatives' Counsel as approved by the Court to the extent required.

41. The Plan provides that certain Crown claims will be paid in compliance with section 6(3) of the CCAA.
42. The Plan provides that certain employee claims will be paid in full in compliance with section 6(5) of the CCAA. In addition, the Plan provides for the payment of amounts in excess of the amounts required to be paid under section 6(5) of the CCAA that Employees may have been entitled to receive pursuant to the *Wage Earner Protection Program Act* (“**WEPPA**”) if the applicable Participating CCAA Party had become bankrupt on the Plan Sanction Date.
43. Section 6(6) of the CCAA provides that the Court may sanction a plan only if it is satisfied that the company can and will make payment of certain amounts related to pension plans.
44. The only potential amounts outstanding that would be subject to section 6(6) of the CCAA of which the Monitor and the CCAA Parties are aware is the disputed amount of \$22,893 related to the normal cost pension payments for the period between December 17 and December 31, 2015, following the termination of the Pension Plans.
45. If the amount is owing, it would be treated as a Secured Claim under the Plan and consequently would be paid.

Releases

46. The Plan provides for broad releases (the “**BL/Wabush Releases**”) to the full extent permitted by Applicable Law for each of the members of the Participating CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents (collectively, the “**BL/Wabush Released Parties**”) from claims based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, Liability, obligation, dealing or other occurrence:

- (a) Existing or taking place on or prior to the Plan Implementation Date that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Amended Claims Procedure Order; and
 - (b) In respect of any distributions, payments, disbursements, actions, steps or transactions, taken to implement the Plan, and in each case all claims arising out of such aforesaid actions or omissions shall be forever waived and released (other than the right to enforce the Participating CCAA Parties' obligations under the Plan or any related document).
47. The BL/Wabush Releases do not release or discharge:
- (a) Unaffected Claims;
 - (b) Any BL/Wabush Released Party if such BL/Wabush Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct;
 - (c) The Directors with respect to matters set out in Section 5.1(2) of the CCAA; or
 - (d) The Non-Filed Affiliate Employee Defendants from Non-Filed Affiliate Employee Claims to the extent the Non-Filed Affiliate Employee Defendants may otherwise be BL/ Wabush Released Parties.

48. The Plan also provides for broad releases to the full extent permitted by Applicable Law in favour of the Monitor and FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents (each a “**Third Party Released Party**”). The releases in favour of the Third Party Released Parties (the “**Third Party Releases**”) do not release or discharge any Third Party Released Party if such Third Party Released Party is judged by the express terms of a judgment rendered in a Final Order to have committed criminal, fraudulent or other wilful misconduct.
49. The Plan also provides for broad releases to the full extent permitted by Applicable Law in favour of the Non-Filed Affiliates and their respective current and former members, shareholders, directors, officers, employees, advisors, legal counsel and agents (each a “**Non-Filed Affiliate Released Party**”). The releases in favour of the Non-Filed Affiliate Released Parties (the “**Non-Filed Affiliate Releases**”) do not release or discharge:
- (a) The Non-Filed Affiliate Employee Defendants from the Non-Filed Affiliates Employee Claims; and
 - (b) Any Non-Filed Affiliate Released Party if such Non-Filed Affiliate Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.

Conditions Precedent to Implementation

50. The implementation of the Plan is subject to the following conditions precedent:
- (a) Each Unsecured Creditor Class of each Participating CCAA Party shall have approved the Plan in the Required Majority;
 - (b) The Meetings Order and the Sanction Order shall have been granted;

- (c) Each of the Meetings Order and the Sanction Order shall have become Final Orders;
- (d) If necessary to effect the Plan, the Participating CCAA Parties shall have filed all necessary annual information forms or returns under Applicable Law in order to maintain such Participating CCAA Parties in good standing as at the Plan Implementation Date;
- (e) The Monitor shall have received the Non-Filed Affiliate Cash Contribution at least three (3) Business Days' prior to the Meetings;
- (f) The Monitor and the Participating CCAA Parties shall have received the Irrevocable Payment Direction at least three (3) Business Days prior to the Meetings;
- (g) The Monitor shall have received such clearance certificates, or comfort letters in lieu thereof from the Canada Revenue Agency or any other applicable Taxing Authority, as the Monitor considers necessary or advisable, to make any Plan Distributions; and
- (h) The Plan Implementation Date shall have occurred before June 29, 2018, or such later date as agreed to by the Participating CCAA Parties, the Parent and Monitor.

THE MEETINGS ORDER

51. The Applicants have requested the granting of the proposed Meetings Order, a copy of which is attached hereto as **Appendix B**.

52. The Meetings Order provides for voting on the Plan by the five classes of creditors set out in the Plan at meetings of each class to be held on May 10, 2018 (each a “**Creditors’ Meeting**”) at the offices of the Monitor’s Counsel in Montréal. For efficiency purposes, and given the overlap in creditors in certain of the Unsecured Creditor Classes, the Creditors’ Meetings for the CQIM/Quinto Unsecured Creditor Class and the BL Parties Unsecured Creditors Class will be held concurrently at 9:30 a.m. and the Creditors’ Meetings for the Wabush Mines Parties Unsecured Creditor Class, the Arnaud Unsecured Creditor Class and the Wabush Railway Unsecured Creditor Class will be held concurrently at 11:00 a.m. Each Unsecured Creditor Class will vote separately at each Creditors’ Meeting.
53. Notice of the Creditors’ Meetings and the Sanction Hearing will be given in the following ways:
- (a) To each Affected Unsecured Creditor by delivery by the Monitor of the Notice of Creditors’ Meetings and Sanction Hearing, the Creditor Letter, the Proxy, the Resolution, the Plan, the Meetings Order and the Monitor’s report on the Plan to be filed in connection with the Creditors’ Meetings (collectively, the “**Meeting Materials**”);
 - (b) To the Service List by delivery of a copy of the Meetings Materials; and
 - (c) The Meeting Materials will also be posted on the Monitor’s Website and a copy will be provided to any Affected Unsecured Creditor that requests a copy.
54. The notice procedures described above will provide specific notice of the Creditors’ Meetings and of the Sanction Hearing to each Affected Unsecured Creditor, as well as public notice to all stakeholders through the posting of the Meeting Materials on the Monitor’s Website. Accordingly, no newspaper advertisement of the Creditors’ Meetings or the Sanction Hearing is contemplated or, in the Monitor’s view, is required.

55. To facilitate delivery of the Meeting Materials to Employees that are Affected Unsecured Creditors, the Meetings Order requires that Representative Counsel and counsel to the USW provide to the Monitor the addresses of the Employees who they represent that have Proven or Unresolved Claims, as identified on schedules to be provided by the Monitor to Representative Counsel and counsel to the USW. It is the Monitor's understanding that Representative Counsel and counsel to the USW collected such information earlier in the CCAA Proceedings.
56. Affected Unsecured Creditors may attend the applicable Creditors' Meeting in person, in the case of Affected Unsecured Creditors that are individuals, or by proxy. Affected Unsecured Creditors must file their Proxy such that it is received by the Monitor by 5:00 p.m. Eastern Time on May 8, 2018 (the "**Proxy Deadline**").
57. The Meetings Order directs that a representative of the Monitor will preside as the chair of the Creditors' Meetings and, subject to further Order of the Court, will decide all matters relating to the conduct of, the Creditors' Meetings. The Chair may also adjourn a Creditors' Meeting with the consent of the Participating CCAA Parties and the Plan Sponsors, not to be unreasonably withheld.
58. Affected Unsecured Creditors holding Voting Claims or Unresolved Voting Claims will be allowed to vote on the resolution to approve the Plan. The votes of Affected Unsecured Creditors holding Unresolved Voting Claims will be separately tabulated. For the purposes of the applicable Creditors' Meetings, the Pension Claims will be treated as Unresolved Voting Claims such that the Pension Administrator shall be entitled to vote the Pension Claims.
59. The Monitor will file a report to the Court as soon as practicable after the Creditors' Meetings and by no later than May 14, 2018, with respect to:
 - (a) The results of voting at each of the Creditors' Meetings;
 - (b) Whether the Required Majorities of each of Unsecured Creditor Class has approved the Plan;

- (c) The separate tabulation of the Unresolved Voting Claims; and
- (d) In its discretion, any other matter relating to the Participating CCAA Parties' motion seeking sanction of the Plan.

THE MONITOR'S COMMENTS AND RECOMMENDATIONS

60. The Plan is a joint plan of compromise and arrangement covering all of the Participating CCAA Parties. The implementation of the Plan would effect a comprehensive settlement of various significant matters in the CCAA Proceedings. Effecting that settlement through the Plan on a joint basis significantly simplifies matters as compared to having individual plans of arrangement for each of the Participating CCAA Parties. Furthermore, there is, in the Monitor's view, no apparent material prejudice to any creditor of any of the Applicants from the Plan being a joint plan.
61. As described earlier in this Report, the Plan provides for limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan. For the reasons set out earlier in this Report, the Monitor is of the view that the limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan is reasonable and appropriate and that there is no apparent material prejudice arising therefrom.
62. As described later in this Report, the Monitor is of the view that the Plan provides significant incremental recoveries for third-party unsecured creditors in addition to other benefits, including the settlement of various significant matters in the CCAA Proceedings. The Monitor is of the view that the proposed settlement of such matters that would be implemented through the Plan is reasonable and in the best interests of all stakeholders.
63. The granting of the Meetings Order would provide the forum for Affected Unsecured Creditors to consider and vote on the Plan and the proposed settlement that underpins it.

64. In the Monitor's view, there is nothing about the Plan that would render it incapable of being approved by the creditors or sanctioned by the Court.

65. Section 22 of the CCAA states:

“22 (1) A debtor company may divide its creditors into classes for the purpose of a meeting to be held under section 4 or 5 in respect of a compromise or arrangement relating to the company and, if it does so, it is to apply to the court for approval of the division before the meeting is held.

(2) For the purpose of subsection (1), creditors may be included in the same class if their interests or rights are sufficiently similar to give them a commonality of interest, taking into account

(a) the nature of the debts, liabilities or obligations giving rise to their claims;

(b) the nature and rank of any security in respect of their claims;

(c) the remedies available to the creditors in the absence of the compromise or arrangement being sanctioned, and the extent to which the creditors would recover their claims by exercising those remedies; and

(d) any further criteria, consistent with those set out in paragraphs (a) to (c), that are prescribed.”

66. The Monitor has considered the factors set out in section 22(2) of the CCAA and is of the view that the classification of creditors as contemplated by the Plan and the Meetings Order is reasonable and appropriate.

67. Furthermore, in the view of the Monitor:
- (a) The Meetings Order provides for reasonable and sufficient notice of the Creditors' Meetings to be provided to Affected Unsecured Creditors;
 - (b) The Proxy Deadline is reasonable in the circumstances; and
 - (c) The provisions of the Meetings Order governing the conduct of the Creditors' Meetings are reasonable and appropriate in the circumstances.
68. Accordingly, the Monitor respectfully recommends that the Participating CCAA Parties' request for the Meetings Order be granted.

THE MONITOR'S ASSESSMENT OF THE PLAN

JOINT PLAN

69. As described earlier in this Report, the implementation of the Plan would effect a comprehensive settlement of various significant matters in the CCAA Proceedings and, as described in more detail later in this Report, would provide substantial incremental benefit to Affected Third Party Unsecured Creditors. Effecting that settlement through the Plan on a joint basis significantly simplifies matters as compared to having individual plans of arrangement for each of the Participating CCAA Parties. Furthermore, there is, in the Monitor's view, no apparent material prejudice to any creditor of any of the Applicants from the Plan being a joint plan.
70. As described earlier in this Report, the Plan provides for limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan. For the reasons set out earlier in this Report, the Monitor is of the view that the limited substantive consolidation of certain classes of unsecured creditors for the purposes of the Plan is reasonable and appropriate and that there is no material prejudice arising therefrom.

CLASSIFICATION OF CREDITORS

71. As described earlier in this Report, the Monitor has considered the factors set out in section 22(2) of the CCAA and is of the view that the classification of creditors as contemplated by the Plan and the Meetings Order is reasonable and appropriate.

COMPLIANCE WITH STATUTORY REQUIREMENTS

72. A plan of compromise or arrangement can only be sanctioned by the Court if, amongst other things, it complies with all statutory requirements.
73. Section 5.1(1) of the CCAA contemplates the compromise of claims against directors but section 5.1(2) of the CCAA mandates certain exceptions. Section 10.1(a) of the Plan includes the statutory exceptions required by the CCAA in respect of the release for directors of the Participating CCAA Parties provided for in the Plan.
74. Section 6(3) of the CCAA requires that the Plan provide for the payment in full of certain Crown claims within six months of the Sanction Order. Section 5.8 of the Plan provides that the Government Priority Claims, if any, will be paid in compliance with section 6(3) of the CCAA.
75. Section 6(5) of the CCAA requires that the Plan provide for payment immediately after sanction of certain amounts owing to employees and former employees. Section 5.8 of the Plan provides that Employee Priority Claims, if any, will be paid compliance with section 6(5) of the CCAA.
76. Section 6(6) of the CCAA requires that the Plan provide for payment of certain unpaid amounts relating to pension plans and that the Court be satisfied that such claims can and will be paid. As noted above, such claims, if any, will be treated as Secured Claims under the Plan and, accordingly, will be paid.

77. Pursuant to section 6(8) of the CCAA, no plan of compromise or arrangement that provides for a payment of an equity claim may be sanctioned by the Court unless all non-equity claims are paid in full. Section 5.7 of the Plan provides that no payments will be made on account of equity claims.
78. Pursuant to section 19(2) of the CCAA, a plan of compromise or arrangement may not deal with any claim that relates to the debts or liabilities described in section 19(2) unless the plan explicitly provides for the compromise of such claim and the creditor holding the claim votes in favour of the plan. Section 5.12 of the Plan provides that Claims listed under Section 19(2) of the CCAA (“**Section 19(2) Claims**”) shall be Affected Claims for the purposes of the Plan; provided, however, that section 19(2) Claims shall be deemed Unaffected Claims to the extent held by any Creditors who have not voted in favour of the Plan.
79. Based on the foregoing, the Monitor is not aware of any aspect of the Plan that is not in compliance with statutory requirements.

ESTIMATED RECOVERIES FOR AFFECTED UNSECURED CREDITORS UNDER THE PLAN

80. As noted earlier in this Report, the Plan seeks to implement the principal terms of a proposed settlement between the Participating CCAA Parties and Non-Filed Affiliates, as negotiated between the Monitor and the Non-Filed Affiliates and as set out in the Restructuring Term Sheet.
81. The Plan provides for the resolution of matters pertaining to:
- (a) Non-Filed Affiliate Transaction Claims;
 - (b) The quantum of claims of certain Non-Filed Affiliates and certain CCAA Parties, that have not yet been finally determined in accordance with the Claims Procedure Order; and
 - (c) The proper characterization of claims of certain Non-Filed Affiliates and certain CCAA Parties filed pursuant to the Claims Procedure Order.

82. Pursuant to the Plan, the Non-Filed Affiliate Distribution/Payment Contribution will be contributed for the benefit of the Affected Unsecured Creditors of the CQIM/Quinto Parties, including any other CCAA Parties that are creditors of CQIM or Quinto. In addition, the Non-Filed Affiliates will make the Non-Filed Affiliate Cash Contribution for the benefit of the Affected Third Party Unsecured Creditors of the Participating CCAA Parties.

Potential Range of Amounts to be Contributed by the Non-Filed Affiliates

83. The amounts available for payment to Secured Creditors and Affected Unsecured Creditors remains uncertain because of a variety of unresolved matters in the CCAA Proceedings, including the appeal of the Allocation Methodology, the appeal of the Pension Priority Decision, the unresolved OPEB Claims, other unresolved claims and the potential additional realizations.
84. Accordingly, the Monitor estimated the range of the potential amount to be contributed by the Non-Filed Affiliates using, *inter alia*, the following assumptions:
- (a) Scenario 1 – low distribution to Affected Unsecured Creditors which assumes the following:
 - (i) There are no additional realizations;
 - (ii) Unresolved claims are allowed in the amount filed; and
 - (iii) Pension Claims are determined to be subject to a deemed trust over all Wabush CCAA Party assets in priority to all other Claims;
 - (b) Scenario 2 – high distribution to Affected Unsecured Creditors which assumes the following:
 - (i) Incremental realizations from various tax refunds, the MFC Minimum Royalty Litigation and other minor assets;

(ii) Unresolved claims are allowed at the minimum potential amount; and

(iii) Pension Claims are unsecured claims;

85. Based on the foregoing, the Monitor estimates that the potential range of aggregate secured and unsecured distributions to the Non-Filed Affiliates is approximately \$57 million to \$95 million.

86. Accordingly, including the Non-Filed Affiliate Cash Contribution of \$5 million, the total amount being contributed by the Non-Filed Affiliates is estimated to be in the potential range of approximately \$62 million to \$100 million.

Potential Range of Distributions to Affected Third-Party Unsecured Creditors

87. The Monitor estimated the range of potential distributions to Affected Third Party Unsecured Creditors under the Plan under the scenarios described above. The estimated potential distributions are summarized as follows:

	Scenario 1	Scenario 2
Distribution \$M		
CQIM/Quinto	71.92	105.03
BL Parties	13.80	25.31
Wabush Mines Parties	0.23	20.41
Arnaud	0.04	15.69
Wabush Railway	0.09	0.10
Total	86.08	166.54
Distribution %		
CQIM/Quinto	10.09%	14.87%
BL Parties	1.84%	3.51%
Wabush Mines Parties	0.09%	9.65%
Arnaud	0.09%	18.67%
Wabush Railway	0.09%	0.10%

88. As described above, Scenario 1 assumes that there is a valid deemed trust over all the assets of the Wabush CCAA Parties for the Pension Claims in priority to all other Claims, other than Claims secured by the CCAA Charges. As the Pension Claims exceed the aggregate of realizations available to creditors of the Wabush CCAA Parties after application of the Allocation Methodology, there would be no monies available for distribution to Affected Unsecured Creditors of the Wabush CCAA Parties in Scenario 1 other than the share of the Non-Filed Affiliate Cash Contribution allocated to the Unsecured Creditor Cash Pools for the Wabush Mines Parties Unsecured Creditor Class, the Arnaud Unsecured Creditor Class and the Wabush Railway Unsecured Creditor Class. In Scenario 1, the estimated distribution on account of the Pension Claims is approximately \$46.0 million.

ALTERNATIVES TO THE PLAN AND ESTIMATED RECOVERIES

89. If the Plan is not implemented the Non-Filed Affiliates would be entitled to distributions from the estates of the Participating CCAA Parties and the Non-Filed Affiliate Distribution/Payment Contribution and the Non-Filed Affiliate Cash Contribution would be unavailable to Affected Third Party Unsecured Creditors.
90. The Monitor has estimated the range of potential distributions to Affected Third Party Unsecured Creditors under the scenarios described above if the Plan is not implemented and without any recovery from successful litigation in respect of Non-Filed Affiliate Transaction Claims. The estimated potential distributions are summarized as follows:

	Scenario 1	Scenario 2
Distribution \$M		
CQIM/Quinto	17.61	20.69
BL Parties	13.15	24.11
Wabush Mines Parties	0.00	5.80
Arnaud	0.00	15.43
Wabush Railway	0.00	0.01
Total	30.76	66.04
Distribution %		
CQIM/Quinto	2.47%	2.93%
BL Parties	1.75%	3.34%
Wabush Mines Parties	0.00%	2.75%
Arnaud	0.00%	18.37%
Wabush Railway	0.00%	0.01%

91. If the Plan is not approved and implemented, there would be no monies available for distribution to Affected Unsecured Creditors of the Wabush CCAA Parties in Scenario 1 as the Pension Claims exceed the aggregate of realizations available to creditors of the Wabush CCAA Parties after application of the Allocation Methodology and the Non-Filed Affiliate Cash Contribution would not be available. The estimated distribution, if the Plan is not approved and implemented, on account of the Pension Claims in Scenario 1, is approximately \$38.9 million.
92. The increase in estimated potential distributions resulting from the Plan is summarized as follows:

	Scenario 1	Scenario 2
Increased Distribution \$M		
CQIM/Quinto	54.31	84.34
BL Parties	0.65	1.20
Wabush Mines Parties	0.23	14.00
Arnaud	0.04	0.26
Wabush Railway	0.09	0.09
Total	55.32	99.89
% Increase		
CQIM/Quinto	308.37%	407.62%
BL Parties	4.92%	4.98%
Wabush Mines Parties	100.00%	251.59%
Arnaud	100.00%	1.66%
Wabush Railway	100.00%	1065.32%

93. If the Plan is not approved and implemented, the proposed settlement of the Non-Filed Affiliate Transaction Claims would not proceed and CQIM or its creditors would have to pursue recovery through litigation.
94. The Monitor has estimated the amount that would have to be recovered through successful litigation in respect of the Non-Filed Affiliate Transaction Claims in order to obtain an equivalent increase in estimated distributions as that provided by the Plan. In making that estimate, the Monitor has assumed that transactions in question are voided, for example as preferences under section 95 of the *Bankruptcy and Insolvency Act*, such that realizations are increased (either through a return and sale of the assets or a monetary award) and the reduction of the claims of the Non-Filed Affiliates that resulted from the Non-Filed Affiliate Transaction Claims is reversed.
95. On that basis, the Monitor estimates that the amounts that would have to be recovered from any litigation in respect of the Non-Filed Affiliate Transaction Claims in order to obtain an equivalent increase in estimated distributions to Affected Third Party Unsecured Creditors as that provided by the Plan are as follows:
 - (a) Scenario 1 – approximately \$228 million; and
 - (b) Scenario 2 – approximately \$347 million.
96. While the Monitor is of the view that the Non-Filed Affiliate Transaction Claims are strong, there is always risk that litigation would not be successful. The Monitor has been informed by the Non-Filed Affiliates that they deny that there is any liability for the Non-Filed Affiliate Claims and that they would vigorously defend any litigation in respect thereof. Accordingly, there would be significant risk, time and expense associated with litigating such claims. Of particular significance would be the issue of the valuation of the assets that were transferred and debate over the applicable date for such valuation.

97. Successful litigation may result in a voiding of the transactions or a monetary award. If the transactions were to be voided, the assets, consisting of cash and shares, would revert to the CCAA Parties. The cash may or may not be traceable and collectable and the CCAA Parties would have to endeavour to sell the shares of the Australian subsidiary. If litigation resulted in a monetary award, there may be complexities associated with the enforcement of such award in a foreign jurisdiction and a significant collection risk depending on which of the Non-Filed Affiliates any such award is rendered against.
98. The Monitor has considered these risk factors and undertaken a high-level review of the potential value of the shares of the Australian subsidiary that was transferred from CQIM and is of the view that litigation is unlikely to realize value sufficient to provide a better result for third-party creditors than the Plan. Furthermore, the Plan provides certainty of outcome with respect to the Non-Filed Affiliate Transaction Claims and would significantly accelerate the timing of initial distributions to Affected Third Party Unsecured Creditors of CQIM, BLLP and BLGP.

TREATMENT OF SHAREHOLDERS

99. Pursuant to section 6(8) of the CCAA, no plan of compromise or arrangement that provides for a payment of an equity claim may be sanctioned by the Court unless all non-equity claims are paid in full. The Plan does not provide for any payment on account of Equity Claims and such claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred. Equity Interests are unaffected by the Plan.
100. Given the shortfall on account of claims of Affected Unsecured Creditors, in the Monitor's view the treatment of shareholders is justified, fair and reasonable.

THE RELEASES

101. The BL/Wabush Releases and the Third Party Releases are an integral part of the Plan. As noted earlier in this Report, The BL/Wabush Releases do not release or discharge:
- (a) Unaffected Claims;
 - (b) Any BL/Wabush Released Party if such BL/Wabush Released Party is judged by the expressed terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct;
 - (c) The Directors with respect to matters set out in section 5.1(2) of the CCAA; or
 - (d) The Non-Filed Affiliate Employee Defendants from Non-Filed Affiliate Employee Claims to the extent the Non-Filed Affiliate Employee Defendants may otherwise be BL/Wabush Released Parties.
102. In the view of the Monitor, the BL/Wabush Releases and the Third Party Releases are reasonable and justified in the circumstances.
103. The Non-Filed Affiliate Releases are an integral part of the proposed settlement with the Non-Filed Affiliates and, consequently, are a necessary and integral part of the Plan. The Non-Filed Affiliates will only provide the significant consideration comprised of the Non-Filed Affiliate Distribution/Payment Contribution and the Non-Filed Affiliate Cash Contribution if the Plan is approved and implemented.
104. As discussed earlier in this Report, the Non-Filed Affiliate Releases do not release or discharge:
- (a) The Non-Filed Affiliate Employee Defendants from the Non-Filed Affiliates Employee Claims; and

- (b) Any Non-Filed Affiliate Released Party if such Non-Filed Affiliate Released Party is judged by the express terms of a judgment rendered in a Final Order on the merits to have committed criminal, fraudulent or other wilful misconduct.
105. Consequently, in addition to benefiting from the increased distributions on account of their Affected Unsecured Claims against certain of the Participating CCAA Parties, the plaintiffs in the actions in respect of the Non-Filed Affiliates Employee Claims are not prejudiced by the Non-Filed Affiliate Releases.
106. Accordingly, in the view of the Monitor, the Non-Filed Affiliate Releases are reasonable and justified in the circumstances.

OTHER BENEFITS OF THE PLAN

107. In addition to the benefit of increased recoveries for Affected Third Party Unsecured Creditors, the implementation of the Plan would provide the following additional benefits:
- (a) Resolution of significant intercompany claims between the CCAA Parties and between the CCAA Parties and Non-Filed Affiliates without the significant time and expense that would otherwise be incurred to further investigate and adjudicate such claims;
 - (b) Resolution of the Non-Filed Affiliate Transaction Claims without the significant time and expense of litigation and the litigation and collection risks associated therewith; and
 - (c) Acceleration of initial distributions to Affected Third Party Unsecured Creditors of the CQIM/Quinto Parties and the Bloom Lake Parties.

REQUEST FOR THE POST-FILING CLAIMS PROCEDURE ORDER

108. In order to ensure that all post-filing creditors are paid and to assist in the calculation of the reserves necessary to make any interim distribution under the Plan, the CCAA Parties now request the granting of the Post-Filing Claims Procedure Order. Capitalized terms used in this section of this Report not otherwise defined are as defined in the proposed Post-Filing Claims Procedure Order, a copy of which is attached hereto as **Appendix C**.

THE PROPOSED POST-FILING CLAIMS PROCEDURE ORDER

109. The Post-Filing Claims Procedure Order, if granted, will provide a procedure for the submission, evaluation and adjudication of claims against each of the CCAA Parties that arose after the Determination Date and of claims against their respective Directors and Officers that arose after the D&O Claims Bar Date. The Post-Filing Claims Procedure will be administered by the Monitor in consultation with the CCAA Parties and the D&O Counsel as appropriate. The Post-Filing Claims Procedure Order and the relevant documents will be made available in both English and French.

110. The key steps of the Post-Filing Claims Procedure are summarized as follows:

- (a) Within five business days after the granting of the Post-Filing Claims Procedure Order, the Monitor will post the relevant documents and forms on the Monitor's Website;
- (b) Within ten business days after the granting of the Post-Filing Claims Procedure Order, the Monitor will cause the Post-Filing Creditors' Instructions to be sent to:
 - (i) Each Person on the Potential Post-Filing Creditors List to the address of such Person as set out in the Monitor's records or the applicable CCAA Party's records;

- (ii) Representative Counsel; and
 - (iii) USW Counsel;
- (c) The Newspaper Notice will be published in English in the national edition of the Globe and Mail and in the Newfoundland & Labrador Telegram and in French in La Presse as soon as possible after the granting of the Post-Filing Claims Procedure Order and in any event within ten business days;
- (d) Any Person who wishes to assert a Post-Filing Claim against any of the CCAA Parties shall file a Proof of Post-Filing Claim with the Monitor so that the Proof of Post-Filing Claim is received by the Monitor by no later than the Post-Filing Claims Bar Date, failing which such Post-Filing Claim shall be barred and extinguished;
- (e) Any Person who wishes to assert a D&O Post-Filing Claim against any of the Directors or Officers shall file a D&O Proof of Post-Filing Claim with the Monitor so that the D&O Proof of Post-Filing Claim is received by the Monitor by no later than the D&O Post-Filing Claims Bar Date, failing which such D&O Post-Filing Claim shall be barred and extinguished;
- (f) Representatives have the right to file, for and on behalf of any Represented Employee, one or more collective or individual Proofs of Post-Filing Claim, including with respect to D&O Post-Filing Claims, if any;
- (g) Each Proof of Post-Filing Claim will be reviewed by the Monitor in consultation with the CCAA Parties and the Monitor may revise or disallow such Post-Filing Claim by sending a Post-Filing Notice of Revision or Disallowance to the Creditor;

- (h) If a Post-Filing Creditor wishes to contest the revision or disallowance of its Post-Filing Claim, then such Post-Filing Creditor must file a Post-Filing Notice of Dispute with the Monitor by no later than 5:00 p.m. on the date that is fourteen days after the date of the Post-Filing Notice of Revision or Disallowance or such later date as may be ordered by the Court;
 - (i) Following any such dispute, the Monitor, in consultation with the CCAA Parties, may:
 - (i) Request additional information from the Post-Filing Creditor;
 - (ii) Consensually resolve the disputed Post-Filing Claim with the Post-Filing Creditor;
 - (iii) Deliver a Post-Filing Dispute Package to a Claims Officer appointed in accordance with this Post-Filing Claims Procedure Order for such disputed Post-Filing Claim to be adjudicated by the Claims Officer; or
 - (iv) Bring a motion before the Court in these CCAA Proceedings to adjudicate the disputed Post-Filing Claim.
 - (j) Any decision by the Claims Officer may be appealed to the Court; and
 - (k) The procedure and timelines for the adjudication of D&O Post-Filing Claims mirror that for the adjudication of Post-Filing Claims but provide for consultation with D&O Counsel.
111. Persons with Post-Filing Excluded Claims are not required to file a Post-Filing Proof of Claim.

112. The proposed Post-Filing Claims Bar Date is 5:00 p.m. Eastern time on May 21, 2018, or such other date as may be ordered by the Court. The proposed D&O Post-Filing Claims Bar Date is also 5:00 p.m. Eastern time on May 21, 2018, or such other date as may be ordered by the Court.

THE MONITOR'S COMMENTS AND RECOMMENDATION

113. It is important that Post-Filing Claims against the CCAA Parties be determined in order to ensure that all post-filing creditors are paid and to assist in the calculation of the reserves necessary to make any interim distribution under the Plan. It is also important to determine the potential D&O Post-Filing Claims because of the existence of the D&O Charges and potential indemnity Post-Filing Claims by Directors and Officers against the CCAA Parties.
114. The Post-Filing Claims Procedure is modelled on, and closely resembles, the Claims Procedure approved pursuant to the Claims Procedure Order granted earlier in the CCAA Proceedings.
115. The Monitor is of the view that the Post-Filing Claims Procedure is appropriate, fair and reasonable in the circumstances and that the granting of the Post-Filing Claims Procedure Order is justified.
116. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for the Post-Filing Claims Procedure Order be granted.

The Monitor respectfully submits to the Court this, its Forty-Fourth Report.

Dated this 22nd day of March, 2018.

FTI Consulting Canada Inc.

In its capacity as Monitor of

Bloom Lake General Partner Limited, Quinto Mining Corporation,

8568391 Canada Limited, Cliffs Québec Iron Mining ULC,

Wabush Iron Co. Limited, Wabush Resources Inc.,

The Bloom Lake Iron Ore Mine Limited Partnership,

Bloom Lake Railway Company Limited, Wabush Mines,

Arnaud Railway Company and Wabush Lake Railway Company Limited



Nigel D. Meakin
Senior Managing Director



Michael Basso
Director

Appendix B

The Proposed Meetings Order

SUPERIOR COURT

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N°: **500-11-048114-157**

DATE: ~~March 26,~~ April 16, 2018

PRESIDING: THE HONOURABLE STEPHEN W. HAMILTON J.S.C.

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
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

(Petitioners and Mises-en-cause hereinafter the “**CCAA Parties**”)

-and-

FTI CONSULTING CANADA INC.

Monitor

PLAN FILING AND MEETINGS ORDER

HAVING READ the CCAA Parties' (the "**Petitioners**") *Motion for the Issuance of a Plan Filing and Meetings Order*, and the attached exhibits thereof, and the affidavit in support thereof (the "**Motion**"), the Monitor's Forty-Fourth Report and the submissions of counsels for the Petitioners, the Monitor and other interested parties;

GIVEN the provisions of the Initial Orders granted on January 27, 2015 and May 20, 2015, as subsequently amended, rectified or restated (together, the "**Initial Orders**");

GIVEN the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36 (the "**CCAA**").

THE COURT:

1. **GRANTS** the Motion.

Service

2. **DECLARES** that the Petitioners have given sufficient prior notice of the presentation of this Motion to interested parties and that the time for service of the Motion herein be and is hereby abridged.

Definitions

3. **DECLARES** that the capitalized terms not otherwise defined in this Order shall have the meanings ascribed in **Schedule "A"** attached hereto. The following terms shall have the meanings set out below:
 - 3.1 "**Chair**" shall have the meaning ascribed to such term in ~~paragraph 30~~Paragraph 28;
 - 3.2 "**Creditor Letter**" means the letter (in English and French) sent to Affected Unsecured Creditors in substantially the form of **Schedule "B"** hereto;
 - 3.3 "**Meeting Materials**" shall have the meaning ascribed to such term in ~~paragraph~~Paragraph 8;
 - 3.4 "**Notice of Creditors' Meetings and Sanction Hearing**" means the notice which shall be given to the Affected Unsecured Creditors of the Meetings to be held for the approval of the Plan, and of the Sanction Hearing of the Plan, being substantially in the form of **Schedule "C"** hereto;
 - 3.5 "**Proxy**" means a proxy and instructions to Affected Unsecured Creditors for explaining how to complete same, substantially in the form of **Schedule "D"** hereto;
 - 3.6 "**Resolution**" means the resolution substantially in the form attached as **Schedule "E"**; and
 - 3.7 "**Website**" means <http://cfcanada.fticonsulting.com/bloomlake>.

Joint Plan of Compromise and Arrangement

4. **ORDERS** that the Joint Plan of Compromise and Arrangement pursuant to the CCAA filed by the Participating CCAA Parties dated ~~March 19, 2018~~[April 16, 2018](#), (as may be amended, supplemented and restated from time to time, the "**Plan**") is hereby accepted for filing, and the Participating CCAA Parties are hereby authorized to seek approval of the Plan from the Affected Unsecured Creditors in the manner set forth herein.
5. **ORDERS** that the Participating CCAA Parties, be, and they are hereby, authorized to file, in accordance with its terms, any amendment, restatement, modification of or supplement to, the Plan (each a "**Plan Modification**") prior to the first Meeting pursuant to and in accordance with the terms of the Plan, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Participating CCAA Parties shall give notice of any such Plan Modification at each of the Meetings prior to the vote being taken to approve the Plan. The Participating CCAA Parties may give notice of any such Plan Modification at or before any of the Meetings by notice which shall be sufficient if, in the case of notice at a Meeting, given to those Affected Unsecured Creditors present at such meeting in person or by proxy and, in the case of notice being given before a Meeting, provided to those Persons listed on the service list posted on the Website (as amended from time to time, the "**Service List**"). The Monitor shall post on the Website, as soon as practicable, any such Plan Modification, with notice of such posting forthwith provided to the Service List.
6. **ORDERS** that after the Meetings (and both prior to and subsequent to the obtaining of the Sanction Order), the Participating CCAA Parties may at any time and from time to time effect a Plan Modification pursuant to and in accordance with the terms of the Plan. The Monitor shall forthwith post on the Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

Form of Documents

7. **ORDERS** that the forms of: (i) the Notice of Creditors' Meetings and Sanction Hearing, (ii) the Creditor Letter, (iii) the Proxy, and (iv) the Resolution are each hereby approved, and the Monitor, in consultation with the Participating CCAA Parties, is authorized to make such minor changes to such forms of documents as it consider necessary or desirable to conform the content thereof to the terms of the Plan or this Order or any further Orders of the Court.

Notification Procedures

8. **ORDERS** that the Monitor shall cause to be sent, by regular mail, courier or email a copy of the Notice of Creditors' Meetings and Sanction Hearing, the Creditor Letter, the Proxy, the Resolution, the Plan, and this Order (collectively, with the Report of the Monitor to be filed in connection with the Meetings, the "**Meeting Materials**") as soon as reasonably practicable after the granting of this Order and, in any event, no later than **5:00 p.m.** (Eastern time) on April ~~6, 27~~[6, 27](#), 2018 to each Affected Unsecured Creditor known to the Monitor as of the date of this Order at the address for such Affected Unsecured Creditor set out in such Affected Unsecured Creditor's Proof of Claim or to such other address that has been provided to the Monitor by such Affected Unsecured Creditor ~~paragraph 35 or 37 or by counsel in accordance with paragraph 13 below~~[pursuant to Paragraph 33 or 35](#).

9. **ORDERS** that the Monitor shall (i) forthwith publish on the Website an electronic copy of the Meeting Materials, (ii) send a copy of the Meeting Materials to the Service List, and (iii) provide a copy to any Affected Unsecured Creditor upon written request by such Affected Unsecured Creditor provided that such written request is received by the Monitor no later than three (3) Business Days prior to the Meetings (or any adjournment thereof).
10. **ORDERS** that the Participating CCAA Parties and the Monitor be and they are hereby authorized to provide such supplemental information (“**Additional Information**”) to the Meeting Materials as the Participating CCAA Parties may determine, with the consent of the Monitor, and the Additional Information shall be distributed or made available by posting on the Website and served on the Service List, and any such other method of delivery that the Participating CCAA Parties, with the consent of the Monitor, determine is appropriate.
11. **ORDERS** that the publications and/or delivery referred to in ~~paragraphs~~Paragraphs 8, 9 and 10 hereof, shall constitute good and sufficient service of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or of these proceedings, or who may wish to be present in person or represented by proxy at the Meeting in respect of the Unsecured Creditor Class to which each such Person belongs, or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons, and no other document or material need be served on such Persons in respect of these proceedings.
12. **ORDERS** that the non-receipt of a copy of the Meeting Materials beyond the reasonable control of the Monitor shall not constitute a breach of this Order and the non-receipt of a copy of the Meeting Materials shall not invalidate any resolution passed or proceedings taken at the Meetings.

Employee Addresses and Information

- ~~13. **ORDERS** that not less than three (3) Business Days after the date of this Order, Salaried Members Representative Counsel and counsel to the United Steelworkers will provide to the Monitor the addresses of the Employees with Proven or Unresolved Claims who they represent as notified by the Monitor to Salaried Members Representative Counsel and counsel to the United Steelworkers.~~
13. ~~14.~~ **ORDERS** that the Monitor is hereby authorized to deliver to Employees with Proven or Unresolved Claims a notice that such Employees must provide their Social Insurance Numbers to the Monitor as a condition to receiving any distributions under the Plan.

Limited Substantive Consolidation of certain Participating CCAA Parties

14. ~~15.~~ **ORDERS** that the following Participating CCAA Parties shall be substantively consolidated for the purposes of voting and distribution on the Plan, and all references in this Order to Participating CCAA Parties shall mean to such Participating CCAA Parties, as so consolidated:
 - 14.1 ~~15.1~~ CQIM and Quinto (together, the “**CQIM/Quinto Parties**”);
 - 14.2 ~~15.2~~ BLGP and BLLP (together, the “**BL Parties**”); and

14.3 ~~15.3~~ Wabush Iron, Wabush Resources and the Wabush Mines (together, the “Wabush Mines Parties”).

Classes of Unsecured Creditors

15. ~~16.~~ **ORDERS** that the Affected Unsecured Creditors with respect of each Participating CCAA Party shall be grouped into the following classes for voting (in respect of their Eligible Voting Claims) and distribution purposes (in respect of their Proven Claims) (each an “Unsecured Creditor Class” and together the “Unsecured Creditor Classes”):

15.1 ~~16.1~~ **CQIM/Quinto Unsecured Creditor Class:** being Affected Unsecured Creditors of any of the CQIM/Quinto Parties;

15.2 ~~16.2~~ **BL Parties Unsecured Creditor Class:** being Affected Unsecured Creditors of any of the BL Parties;

15.3 ~~16.3~~ **Wabush Mines Unsecured Creditor Class:** being Affected Unsecured Creditors of any of the Wabush Mines Parties;

15.4 ~~16.4~~ **Arnaud Unsecured Creditor Class:** being Affected Unsecured Creditors of Arnaud; and

15.5 ~~16.5~~ **Wabush Railway Unsecured Creditor Class:** being Affected Unsecured Creditors of Wabush Railway.

~~17. **ORDERS AND DECLARES** that the Claims against all Participating CCAA Parties will be determined in accordance with the Amended Claims Procedure Order, subject to the following:~~

~~17.1— The Non-Filed Affiliate Unsecured Interco Claims shall be allowed for voting and distribution purposes in the amounts set out on **Schedule “F”** hereto and treated as Proven Affected Unsecured Claims for the purposes of the Plan. The Non-Filed Affiliate Unsecured Interco Claims shall also include any increase in claim amounts or additional claims, in each case, on account of Deficiency Claims.~~

~~17.2— The Non-Filed Affiliate Secured Interco Claims shall, subject to the implementation of the Plan, be allowed for payments purposes in amounts up to the amounts set out on **Schedule “G”**, limited to the value of the collateral available to satisfy such Non-Filed Affiliate Secured Interco Claims as determined subject to (i) the application of the Allocation Methodology, and (ii) any adjustments arising from the Final Determination of the issues relating to the Pension Claims that are the subject of the Pension Priority Proceedings.~~

~~17.3— The CCAA Party Pre-Filing Interco Claims shall be allowed for voting and distribution purposes in the amounts set out on **Schedule “H”** hereto and treated as Proven Affected Unsecured Claims for the purposes of the Plan.~~

Meetings

16. ~~18.~~ **DECLARES** that the Participating CCAA Parties are hereby authorized to call, hold and conduct the following Meetings, being understood that there will be a separate

Meeting for each Unsecured Creditor Class listed below, in Montréal, Québec, for the purpose of voting upon, with or without variation, the Resolution to approve the Plan:

1. **Meeting of CQIM/Quinto Unsecured Creditor Class:** ~~May 10, June 18,~~ 2018 at 9:30 a.m. Montréal time at Norton Rose Fulbright Canada LLP, Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
2. **Meeting of BL Parties Unsecured Creditor Class:** ~~May 10, June 18,~~ 2018 at 9:30 a.m. Montréal time at Norton Rose Fulbright Canada LLP, Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
3. **Meeting of Wabush Mines Unsecured Creditor Class:** ~~May 10, June 18,~~ 2018 at 11:00 a.m. Montréal time at Norton Rose Fulbright Canada LLP, Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
4. **Meeting of Arnaud Unsecured Creditor Class:** ~~May 10, June 18,~~ 2018 at 11:00 a.m. Montréal time at Norton Rose Fulbright Canada LLP, Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
5. **Meeting of Wabush Railway Unsecured Creditor Class:** ~~May 10, June 18,~~ 2018 at 11:00 a.m. Montréal time at Norton Rose Fulbright Canada LLP, Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1

17. ~~19.~~ **DECLARES** that the only Persons entitled to notice of, to attend and speak at a Meeting are Eligible Voting Creditors of such Unsecured Creditor Class (or their respective duly appointed Proxy holders and their legal counsel), representatives of the Monitor, the Participating CCAA Parties, all such parties' financial and legal advisors, Salaried Members Representative Counsel, USW Counsel, the Chair (as defined below), the secretary and any scrutineers appointed in accordance with ~~paragraph 32~~ Paragraph 30 hereof. Any other Person may be admitted to the Meetings on invitation of the Participating CCAA Parties or the Monitor.

18. ~~20.~~ **ORDERS** that any Proxy which any Eligible Voting Creditor wishes to submit in respect of a Meeting (or any adjournment, postponement or other rescheduling thereof) must be substantially in the form attached hereto as **Schedule "D"** (or in such other form acceptable to the Monitor or the Chair).

19. ~~21.~~ **ORDERS** that any Proxy in respect of a Meeting (or any adjournment, postponement or other rescheduling thereof) must be received by the Monitor in accordance with paragraph ~~37~~ 35 hereof by 5:00 p.m. (Eastern time) ~~May 8, June 14,~~ 2018 (the "**Proxy Deadline**"), being two (2) Business Days prior to the date set for the Meetings in ~~paragraph~~ Paragraph 16 hereof. The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which a Proxy is completed.

20. ~~22.~~ **ORDERS** that, in the absence of instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy that appoints a representative of the Monitor as Proxy holder, the Proxy shall be deemed to include instructions to vote for the approval of the Resolution, provided the Proxy holder does not otherwise revoke the Proxy by written notice to the Monitor delivered so that it is received by the Monitor no later than the Proxy Deadline.

21. ~~23.~~ **ORDERS** that the quorum required at each Meeting shall be one Eligible Voting Creditor present at each Meeting in person or by Proxy. If the (a) requisite quorum is not present at any Meeting, or (b) any Meeting is adjourned, postponed or rescheduled by the Chair (whether (i) by the request of the Participating CCAA Parties; (ii) by vote of the majority in value of Affected Unsecured Creditors holding Eligible Voting Claims in person or by Proxy at any Meeting; or (iii) otherwise as determined by the Chair), then any such Meetings shall be adjourned, postponed or rescheduled to such time(s) and place(s) as the Chair deems necessary or desirable.

22. ~~24.~~ **ORDERS** that the Chair, with the consent of the Participating CCAA Parties and the Plan Sponsors, not to be unreasonably withheld, be and he or she is hereby, authorized to adjourn, postpone or otherwise reschedule any Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair, with the consent of the Participating CCAA Parties and Plan Sponsors, not to be unreasonably withheld, deem necessary or desirable (without the need to first convene any such Meetings for the purpose of any adjournment, postponement or other rescheduling thereof). None of the Participating CCAA Parties, the Chair or the Monitor shall be required to deliver any notice of the adjournment, postponement or rescheduling of the Meeting(s) or adjourned Meeting(s), as applicable, provided that the Monitor shall:

22.1 ~~24.1~~ announce the adjournment, postponement or rescheduling of the applicable Meeting(s) or adjourned Meeting(s) to the participants at the applicable Meeting(s) if the commencement of the Meeting(s) has occurred prior to the adjournment, postponement or rescheduling;

22.2 ~~24.2~~ post notice of the adjournment, postponement or rescheduling at the originally designated time and location of each of the Meeting(s) or adjourned Meeting(s), as applicable;

22.3 ~~24.3~~ forthwith post notice of the adjournment, postponement or rescheduling on the Website; and

22.4 ~~24.4~~ provide notice of the adjournment, postponement or rescheduling to the Service List forthwith. Any Proxies validly delivered in connection with the Meeting(s) shall be accepted as Proxies in respect of any adjourned, postponed or rescheduled Meeting(s).

23. ~~25.~~ **DECLARES** that the only Persons entitled to vote at a Meeting shall be Eligible Voting Creditors of such Unsecured Creditor Class or their Proxy holders. Each Eligible Voting Creditor will be entitled to a vote with a value equal to the value in dollars of its Voting Claim, and/or the value in dollars of its Unresolved Voting Claim, if any, as determined in accordance with this ~~section 26~~ Paragraph 23 of this Order.

24. ~~26.~~ **ORDERS** that the dollar value of an Unresolved Voting Claim for voting purposes at the applicable Meeting shall be: (i) the amount set out in such Creditor's Proof of Claim if no Notice of Allowance or Notice of Revision or Disallowance (in each case as defined in the Amended Claims Procedure Order) has been issued; (ii) the amount set out in the Notice of Revision or Disallowance in respect of such Claim if no Notice of Dispute (as defined in the Amended Claims Procedure Order) has been filed and the time for doing so has not expired; ~~or~~ (iii) the amount set out in the Notice of Dispute in respect of such Claim if a Notice of Dispute has been timely filed, in all respects without prejudice to the

determination of the dollar value of such Affected Unsecured Claim for distribution purposes in accordance with the Amended Claims Procedure Order: or (iv) the amount as may be agreed to between the Monitor and the Affected Unsecured Creditor, or between the Monitor and the Salaried Members Representative Counsel or the Monitor and the USW Counsel, as applicable.

25. ~~27.~~ **ORDERS** that a Voting Claim or Unresolved Voting Claim shall not include fractional numbers and shall be rounded down to the nearest whole Canadian dollar amount.
26. ~~28.~~ **ORDERS** that the Monitor shall keep a separate record of the votes cast by Affected Unsecured Creditors holding Unresolved Voting Claims and shall report to the Court with respect thereto at the Sanction Motion.
27. ~~29.~~ **ORDERS** that the results of any and all votes conducted at the Meetings shall be binding on all Affected Unsecured Creditors, whether or not any such Affected Unsecured Creditor is present or voting at the Meetings.
28. ~~30.~~ **ORDERS** that a representative of the Monitor shall preside as the chair of each Meeting (the “**Chair**”) and, subject to any further order of this Court, shall decide all matters relating to the conduct of such Meeting. The Participating CCAA Party and any Eligible Voting Creditor may appeal from any decision of the Chair to the Court, within three (3) Business Days of any such decision.
29. ~~31.~~ **DECLARES** that, at each Meeting, the Chair is authorized to direct a vote on the Resolution to approve the Plan, and any amendments thereto made in accordance with Paragraph 5 of this Order.
30. ~~32.~~ **ORDERS** that the Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at each Meeting. Person(s) designated by the Monitor shall act as secretary at each Meeting.
31. ~~33.~~ **ORDERS** that the Monitor shall be directed to calculate the votes cast at each Meeting called to consider the Plan and report the results in accordance with ~~Section 43~~Paragraph 41 of this Order.
32. ~~34.~~ **ORDERS** that an Affected Unsecured Creditor that is not an individual may only attend and vote at a Meeting if it has appointed a ~~proxyholder~~Proxy holder to attend and act on its behalf at such Meeting.

Notice of Transfers

33. ~~35.~~ **ORDERS** that, for purposes of voting at a Meeting, if an Affected Unsecured Creditor transfers or assigns all of its Affected Unsecured Claim, then the transferee or assignee shall only be entitled to vote and attend the applicable Meeting if the transferee or assignee delivers evidence satisfactory to the Monitor of its ownership of all of such Affected Unsecured Claim and a written request to the Monitor, not later than 5:00 pm on the date that is seven (7) days prior to the date of the Meeting, or such later time that the Monitor may agree to, that such transferee's or assignee's name be included on the list of Eligible Voting Creditors entitled to vote, either in person or by proxy, the transferor's or assignor's Voting Claim or Unresolved Voting Claim, as applicable, at the applicable Meeting in lieu of the transferor or assignor.

34. ~~36.~~ **ORDERS** that if the holder of an Affected Unsecured Claim or any subsequent holder of the whole of an Affected Unsecured Claim who has been acknowledged by the Monitor as the Affected Unsecured Creditor in respect of such Affected Unsecured Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Affected Unsecured Claim or Affected Unsecured Claims and such Affected Unsecured Claim shall continue to constitute and be dealt with as a single Claim as if such Claim (or portion of such Claim) had not been transferred or assigned, notwithstanding such transfer or assignment, and the Monitor and the Participating CCAA Parties shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Affected Unsecured Claim only as a whole and then only to and with the Person last holding such Affected Unsecured Claim in whole as the Affected Unsecured Creditor in respect of such Affected Unsecured Claim, provided such Affected Unsecured Creditor may by notice in writing to the Monitor delivered so that it is received by the Monitor on or before the tenth day prior to any Meeting or distribution in respect of such Affected Unsecured Claim, direct that subsequent dealings in respect of such Affected Unsecured Claim, but only as a whole, shall be with a specified transferee or assignee and in such event, such Affected Unsecured Creditor and such transferee or assignee of the Affected Unsecured Claim shall be bound by any notices given to the transferor or assignor and prior steps taken in respect of such Claim.

Notices and Communications

35. ~~37.~~ **ORDERS** that any notice or other communication to be given under this Order by an Affected Unsecured Creditor to the Monitor or the Participating CCAA Parties shall be in writing and will be sufficiently given only if given by pre-paid mail, registered mail, e-mail, courier addressed to:

Monitor:	FTI Consulting Canada Inc. TD Waterhouse Tower 79 Wellington Street West Suite 2010, P.O. Box 104 Toronto, ON M5K 1G8
	Attention: Nigel Meakin
	E-mail: bloomlake@fticonsulting.com

With a Copy to:	Norton, Rose, Fulbright LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
	Attention: Sylvain Rigaud
	E-mail: sylvain.rigaud@nortonrosefulbright.com

Participating CCAA Parties:	Bloom Lake General Partner Limited <i>et al</i> c/o Blake, Cassels & Graydon LLP 199 Bay Street Suite 4000,
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	Commerce Court West Toronto Ontario M5L 1A9
	Attention: Clifford T. Smith, Officer
	E-mail: clifford.smith@CliffsNR.com

With a Copy to:	Blake, Cassels & Graydon LLP 199 Bay Street Suite 4000, Commerce Court West Toronto Ontario M5L 1A9
	Attention: Milly Chow
	E-mail: milly.chow@blakes.com

36. ~~38.~~ **ORDERS** that any document sent by the Monitor or the Participating CCAA Parties pursuant to this Order may be sent by e-mail, ordinary mail, registered mail or courier. A Creditor shall be deemed to have received any document sent pursuant to this Order two (2) Business Days after the document is sent by mail and one (1) Business Day after the document is sent by courier or e-mail. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application. For greater certainty, the Monitor shall not be deemed to have received any document unless and until such document is actually received by the Monitor at the address noted above.
37. ~~39.~~ **ORDERS** that, in the event that the day on which any notice or communication required to be delivered pursuant to this Order is not a Business Day, then such notice or communication shall be required to be delivered on the next Business Day.
38. ~~40.~~ **ORDERS** that if, during any period during which notices or other communications are being given pursuant to this Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or e-mail in accordance with this Order.
39. ~~41.~~ **ORDERS** that all references to time in this Order shall mean prevailing local time in Montréal, Québec and any references to an event occurring on a Business Day shall mean prior to 5:00 p.m. on the Business Day unless otherwise indicated.
40. ~~42.~~ **ORDERS** that references to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.

Sanction Hearing

41. ~~43.~~ **ORDERS** that the Monitor shall provide a report to the Court as soon as practicable after the Meetings by no later than ~~May 14,~~ June 21, 2018 (the "**Monitor's Report Regarding the Meetings**") with respect to:

- 41.1 ~~43.1~~ the results of voting at the Meetings;
- 41.2 ~~43.2~~ whether the Required Majority of each Unsecured Creditor Class has approved the Plan;
- 41.3 ~~43.3~~ the separate tabulation of the Unresolved Voting Claims as required by ~~paragraph 28~~ Paragraph 26; and
- 41.4 ~~43.4~~ in its discretion, any other matter relating to the Participating CCAA Parties' motion(s) seeking sanction of the Plan.
42. ~~44.~~ **ORDERS** that an electronic copy of the Monitor's Report Regarding the Meetings, the Plan, including any Plan Modification, and a copy of the materials filed in respect of the Sanction Motion shall be posted on the Website prior to the Sanction Motion.
43. ~~45.~~ **ORDERS** that in the event the Plan has been approved by the Required Majority of each Unsecured Creditor Class, the Participating CCAA Parties may seek the sanction of the Plan before this Court on ~~May 22,~~ June 29, 2018 (the "**Sanction Motion**"), or such later date as the Monitor may advise the Service List in these proceedings, provided that such later date shall be acceptable to the Participating CCAA Parties, the Parent and the Monitor.
44. ~~46.~~ **ORDERS** that service of this Order by the CCAA Parties to the parties on the Service List, the delivery of the Meeting Materials in accordance with ~~paragraph~~ Paragraph 8 hereof and the posting of the Meeting Materials on the Website in accordance with ~~paragraph~~ Paragraph 9 hereof shall constitute good and sufficient service and notice of the Sanction Motion.
45. ~~47.~~ **ORDERS** that in the event that the Sanction Motion is adjourned, only those Persons appearing on the Service List as of the date of service shall be served with notice of the adjourned date.
46. ~~48.~~ **ORDERS** that, subject to any further Order of the Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Order, the terms, conditions and provisions of the Plan, as sanctioned, shall govern and be paramount, and any such provision of this Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.
47. ~~49.~~ **ORDERS** that any person who wishes to oppose the Sanction Motion shall serve upon the parties on the Service List, and file with the Court a copy of the materials to be used to oppose the Sanction Motion by no later than 5:00 p.m. (Eastern time) on ~~May 18,~~ June 26, 2018 or, if applicable, four days' prior to any adjourned or rescheduled Sanction Motion.

Monitor's Role

48. ~~50.~~ **ORDERS** that the Monitor, in addition to its prescribed rights and obligations under (i) the CCAA; (ii) the Initial Orders; and (iii) the Amended Claims Procedure Order, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Order.

49. ~~51.~~ **ORDERS** that: (i) in carrying out the terms of this Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Orders, the Amended Claims Procedure Order, and any other Order granted in these CCAA Proceedings and as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part; (iii) the Monitor shall be entitled to rely on the books and records of the Participating CCAA Parties and any information provided by the Participating CCAA Parties, and any information acquired by the Monitor as a result of carrying out its duties under this Order without independent investigation; and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

Aid and Assistance of Other Courts

50. ~~52.~~ **REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or any court or any judicial, regulatory or administrative body of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

General Provisions

51. ~~53.~~ **ORDERS** that the Monitor shall use reasonable discretion as to the adequacy of completion and execution of any document completed and executed pursuant to this Order and, where the Monitor is satisfied that any matter to be proven under this Order has been adequately proven, the Monitor may waive strict compliance with the requirements of this Order as to the completion and execution of documents.

52. ~~54.~~ **DECLARES** that the Monitor may apply to this Court for advice and direction in connection with the discharge or variation of its powers and duties under this Order.

53. ~~55.~~ **ORDERS** the provisional execution of this Order notwithstanding appeal.

54. ~~56.~~ **THE WHOLE** without costs.

STEPHEN W. HAMILTON J.S.C.

Mtre Bernard Boucher
Mtre ~~Ilya Kravtsov~~ [Emily Hazlett](#)
(Blake, Cassels & Graydon LLP)
Attorneys for the CCAA Parties

Date of hearing: ~~March 26~~, [April 16](#), 2018

Schedule A: Definitions
Schedule B: Creditor Letter
Schedule C: Notice of Creditor's Meetings and Sanction Hearing
Schedule D: Proxy
Schedule E: Form of Resolution
~~Schedule F: Non-Filed Affiliate Unsecured Interco Claims~~
~~Schedule G: Non-Filed Affiliate Secured Interco Claims~~
~~Schedule H: CCAA Party Pre-Filing Interco Claims~~

~~23323771.12~~

[23323771.14](#)

Schedule “A” to the Plan Filing and Meetings Order

Definitions

“**8568391**” means 8568391 Canada Limited;

“**Administration Charges**” means, collectively, the BL Administration Charge and the Wabush Administration Charge in the aggregate amount of the BL Administration Charge and the Wabush Administration Charge, as such amount may be reduced from time to time by further Court Order;

“**Affected Claim**” means any Claim other than an Unaffected Claim;

“**Affected Creditor**” means any Creditor holding an Affected Claim, including a Non-Filed Affiliate holding an Affected Claim and a CCAA Party holding an Affected Claim;

“**Affected Unsecured Claim**” means an Affected Claim that is an Unsecured Claim, including without limitation, any Deficiency Claims;

“**Affected Unsecured Creditor**” means any Affected Creditor holding an Affected Unsecured Claim, including a Non-Filed Affiliate and a CCAA Party holding an Affected Unsecured Claim;

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct control or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise, and the term “**controlled**” shall have a similar meaning;

“**Allocation Methodology**” means the methodology for the allocation of proceeds of realizations of the CCAA Parties’ assets and the costs of the CCAA Proceedings amongst the CCAA Parties and, to the extent necessary, amongst assets or asset categories, which was approved by an Order of the Court on July 25, 2017 as may be amended upon Final Determination of the Fermont Allocation Appeal;

“**Allocated Value**” means, in respect of any particular asset of a Participating CCAA Party, the amount of the sale proceeds realized from such asset, net of costs allocated to such asset all pursuant to the Allocation Methodology and, in respect of any Secured Claim, the amount of such sale proceeds receivable on account of such Secured Claim after taking into account the priority of such Secured Claims relative to other creditors holding a Lien in such asset;

“**Allowed Claim**” shall have the meaning given to it in the Amended Claims Procedure Order;

“**Amended Claims Procedure Order**” means the Amended Claims Procedure Order dated November 16, 2015, approving and implementing the claims procedure in respect of the CCAA Parties and the Directors and Officers (including all schedules and appendices thereof);

“**Applicable Law**” means any law (including any principle of civil law, common law or equity), statute, order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the

effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;

“**Arnaud**” means Arnaud Railway Company;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“**BL Administration Charge**” means the charge over the BL Property created by paragraph 45 of the Bloom Lake Initial Order and having the priority provided in paragraphs 46 and 47 of such Court Order in the amount of Cdn.\$2.5 million, as such amount may be reduced from time to time by further Court Order;

“**BL Directors’ Charge**” means the charge over the BL Property of the BL Parties created by paragraph 31 of the Bloom Lake Initial Order, and having the priority provided in paragraphs 46 and 47 of such Order in the amount of Cdn.\$2.5 million, as such amount may be reduced from time to time by further Court Order;

“**BLGP**” means Bloom Lake General Partner Limited;

“**BLLP**” means The Bloom Lake Iron Ore Mine Limited Partnership;

“**Bloom Lake CCAA Parties**” means, collectively, BLGP, Quinto, 8568391, CQIM, BLLP, and BLRC;

“**BL Parties**” means BLGP and BLLP;

“**BL Property**” means all current and future assets, rights, undertakings and properties of the Bloom Lake CCAA Parties, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

“**BLRC**” means Bloom Lake Railway Company Limited;

“**Business**” means the direct and indirect operations and activities formerly carried on by the Participating CCAA Parties;

“**Business Day**” means a day, other than a Saturday, a Sunday, or a non-judicial day (as defined in article 6 of the Code of Civil Procedure, R.S.Q., c. C-25, as amended);

“**Cash**” means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents;

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**CCAA Charges**” means the Administration Charge and the Directors’ Charge;

“**CCAA Parties**” means the Wabush CCAA Parties, together with the Bloom Lake CCAA Parties, and “**CCAA Party**” means any one of the CCAA Parties;

“**CCAA Party Pre-Filing Interco Claims**” means Claims of the Participating CCAA Parties against other Participating CCAA Parties as set out in Schedule “H” hereto;

“CCAA Proceedings” means the proceedings commenced pursuant to the CCAA by a Court Order issued on January 27, 2015, bearing Court File No. 500-11-048114-157;

“Claim” means:

- (a) any right or claim of any Person that may be asserted or made in whole or in part against the Participating CCAA Parties (or any of them), whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the applicable Filing Date, at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of contract, lease or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any breach of extra-contractual obligation, any right of ownership of or title to property, employment, contract or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against any of the Participating CCAA Parties or any of their property or assets, and whether or not any such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmetered, disputed, legal, equitable, secured (by guarantee, surety or otherwise), unsecured, present, future, known or unknown, and whether or not any such right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable under the BIA had the Participating CCAA Parties (or any one of them) become bankrupt on the applicable Filing Date, including, for greater certainty, any Tax Claim and any monetary claim in connection with any indebtedness, liability or obligation by reason of a breach of a collective bargaining agreement, including grievances in relation thereto, or by reason of a breach of a legal or statutory duty under any employment legislation or pay equity legislation;
- (b) a D&O Claim; and
- (c) a Restructuring Claim,

provided, however, that Excluded Claims are not Claims, but for greater certainty, a Claim includes any claim arising through subrogation or assignment against any Participating CCAA Party or Director or Officer;

“Claims Bar Date” means as provided for in the Amended Claims Procedure Order: (a) in respect of a Claim or D&O Claim, 5:00 p.m. on December 18, 2015, or such other date as may be ordered by the Court; and (b) in respect of a Restructuring Claim, the later of (i) 5:00 p.m. on December 18, 2015 (ii) 5:00 p.m. on the day that is 21 days after either (A) the date that the applicable Notice of Disclaimer or Resiliation becomes effective, (B) the Court Order settling a contestation against such Notice of Disclaimer or Resiliation brought pursuant to Section 32(5)(b) CCAA, or (C) the date of the event giving rise to the Restructuring Claim; or (iii) such other date as may be ordered by the Court;

“Claims Officer” means the individual or individuals appointed by the Monitor pursuant to the Amended Claims Procedure Order;

“**CMC Secured Claims**” has the meaning ascribed thereto in the Thirty-Ninth Report dated September 11, 2017 of the Monitor;

“**CNR Key Bank Claims**” has the meaning ascribed thereto in the Thirty-Ninth Report dated September 11, 2017 of the Monitor;

“**Conditions Certificates**” means written notice confirming, as applicable, the fulfilment or waiver, to the extent available, of the conditions precedent to implementation of the Plan as set out in Section 11.3 of the Plan;

“**Construction Lien Claim**” means a Claim asserting a Lien over real property of a Participating CCAA Party in respect of goods or services provided to such Participating CCAA Party that improved such real property;

“**Court**” means the Québec Superior Court of Justice (Commercial Division) or any appellate court seized with jurisdiction in the CCAA Proceedings, as the case may be;

“**Court Order**” means any order of the Court;

“**CQIM**” means Cliffs Québec Iron Mining ULC;

“**CQIM/Quinto Parties**” means CQIM and Quinto together;

“**Creditor**” means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Amended Claims Procedure Order, the Plan and the Meetings Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

“**D&O Bar Date**” means 5:00 p.m. (prevailing Eastern Time) on December 18, 2015, or such other date as may be ordered by the Court;

“**D&O Claim**” means any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising on or before the D&O Bar Date, for which the Directors and/or Officers, or any of them, are by statute liable to pay in their capacity as Directors and/or Officers or which are secured by way of any one of the Directors’ Charges;

“**Deficiency Claim**” means, in respect of a Secured Creditor holding a Proven Secured Claim, the amount by which such Secured Claim exceeds the Allocated Value of the Property secured by its Lien, and for greater certainty, includes, as applicable, the deficiency Claim, if any, of (a) the Pension Plan Administrator arising from any of the Pension Claims being Finally Determined to be a Priority Pension Claim, and (b) the Non-Filed Affiliate Secured Interco Claims;

“**Director**” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Participating CCAA Parties, in such capacity;

“**Directors’ Charges**” means, collectively, the BL Directors’ Charge and the Wabush Directors’ Charge;

“**Eligible Voting Claims**” means a Voting Claim or an Unresolved Voting Claim;

“Eligible Voting Creditors” means, subject to Section 4.2(b) of the Plan, Affected Unsecured Creditors holding Voting Claims or Unresolved Voting Claims;

“Employee” means a former employee of a Participating CCAA Party other than a Director or Officer;

“Employee Priority Claims” means, in respect of a Participating CCAA Party, the following claims of Employees of such Participating CCAA Party:

- (a) claims equal to the amounts that such Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Participating CCAA Party had become bankrupt on the Plan Sanction Date, which for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements;
- (b) claims for wages, salaries, commissions or compensation for services rendered by such Employees after the applicable Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period, which for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements; and
- (c) any amounts in excess of (a) and (b), that the Employees may have been entitled to receive pursuant to the *Wage Earner Protection Program Act* (Canada) if such Participating CCAA Party had become a bankrupt on the Plan Sanction Date, which for greater certainty, excludes OPEB and pension contributions;

“Excluded Claim” means, subject to further Court Order, any right or claim of any Person that may be asserted or made in whole or in part against the Participating CCAA Parties (or any one of them) in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the applicable Filing Date (other than Restructuring Claims and D&O Claims), and any interest thereon, including any obligation of the Participating CCAA Parties toward creditors who have supplied or shall supply services, utilities, goods or materials, or who have or shall have advanced funds to the Participating CCAA Parties on or after the applicable Filing Date, but only to the extent of their claims in respect of the supply or advance of such services, utilities, goods, materials or funds on or after the applicable Filing Date, and:

- (a) any claim secured by any CCAA Charge;
- (b) any claim with respect to fees and disbursements incurred by counsel for any CCAA Party, Director, the Monitor, Claims Officer, any financial advisor retained by any of the foregoing, or Representatives’ Counsel as approved by the Court to the extent required;

“Fermont Allocation Appeal” means the appeal by Ville de Fermont of the judgment of the Court in the CCAA Proceedings approving the Allocation Methodology dated July 25, 2017 under Court File Number 500-09-027026-178;

“Filing Date” means January 27, 2015 for the Bloom Lake CCAA Parties, and May 20, 2015 for the Wabush CCAA Parties;

“Final Determination” and **“Finally Determined”** as pertains to a Claim, matter or issue, means either:

- (a) in respect of a Claim, such Claim has been finally determined as provided for in the Amended Claims Procedure Order;
- (b) there has been a Final Order in respect of the matter or issue; or
- (c) there has been an agreed settlement of the issue or matter by the relevant parties, which settlement has been approved by a Final Order, as may be required, or as determined by the Monitor, in consultation with the Participating CCAA Parties, to be approved by the Court;

“Final Order” means a Court Order, which has not been reversed, modified or vacated, and is not subject to any stay or appeal, and for which any and all applicable appeal periods have expired;

“Governmental Authority” means any government, including any federal, provincial, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government including without limitation any Taxing Authority;

“Government Priority Claims” means all claims of Governmental Authorities that are described in section 6(3) of the CCAA;

“Initial Order” means, collectively, in respect of the Bloom Lake CCAA Parties, the Bloom Lake Initial Order, and in respect of the Wabush CCAA Parties, the Wabush Initial Order;

“Liability” means any indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due;

“Lien” means any lien, mortgage, charge, security interest, hypothec or deemed trust, arising pursuant to contract, statute or Applicable Law;

“Meetings” means the meetings of Affected Unsecured Creditors in the Unsecured Creditor Classes in respect of each Participating CCAA Party called for the purposes of considering and voting in respect of the Plan, which has been set by the Meetings Order to take place at the times, dates and locations as set out in the Meetings Order;

“Meetings Order” means this Plan Filing and Meetings Order, including the Schedules hereto, as may be amended or varied from time to time by subsequent Court Order;

“Monitor” means FTI Consulting Canada Inc., in its capacity as Monitor of the CCAA Parties and not in its personal or corporate capacity;

“Newfoundland Reference Proceedings” means the reference proceeding commenced in the Newfoundland Court of Appeal in respect of the Pension Claims as Docket No. 201701H0029, as appealed to the Supreme Court of Canada;

“Non-Filed Affiliates” means the Parent, its former and current direct and indirect subsidiaries and its current and former Affiliates who are not petitioners or mises-en-cause in the CCAA Proceedings, and for greater certainty does not include any CCAA Party but does include any subsidiary of a CCAA Party;

“Non-Filed Affiliate Interco Claims” means, collectively, the Non-Filed Affiliate Unsecured Interco Claims and the Non-Filed Affiliate Secured Interco Claims;

“Non-Filed Affiliate Secured Interco Claims” means, collectively, (a) the CNR Key Bank Claims and (b) the CMC Secured Claims, in each case only to the extent of the Allocated Value of the Property securing such Claims as set out in the Schedule “G” to this Order and to the extent not a Deficiency Claim;

“Non-Filed Affiliate Unsecured Interco Claims” means all Claims filed in the CCAA Proceedings by a Non-Filed Affiliate determined in accordance with the Plan (other than Non-Filed Affiliate Secured Claims) as set out in the Schedule “F” to this Order, and for greater certainty, includes any Deficiency Claims held by a Non-Filed Affiliate;

“Notice of Disclaimer or Resiliation” means a written notice issued, either pursuant to the provisions of an agreement, under Section 32 of the CCAA or otherwise, on or after the applicable Filing Date of the Participating CCAA Parties, and copied to the Monitor, advising a Person of the restructuring, disclaimer, resiliation, suspension or termination of any contract, employment agreement, lease or other agreement or arrangement of any nature whatsoever, whether written or oral, and whether such restructuring, disclaimer, resiliation, suspension or termination took place or takes place before or after the date of the Amended Claims Procedure Order;

“Officer” means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Participating CCAA Parties;

“Parent” means Cleveland-Cliffs Inc.;

“Participating CCAA Parties” means the CCAA Parties, other than 8568391 and BLRC, and **“Participating CCAA Party”** means any of the Participating CCAA Parties;

“Pension Plan Administrator” means Morneau Shepell Ltd., the Plan Administrator of the Wabush Pension Plans, or any replacement thereof;

“Pension Claims” means Claims with respect to the administration, funding or termination of the Wabush Pension Plans, including any Claim for unpaid normal ~~course~~cost payments, or special/amortization payments or any wind up deficiency and **“Pension Claim”** means any one of them;

“Pension Priority Proceedings” means (a) the motion for advice and directions of the Monitor dated September 20, 2016 in respect of priority arguments asserted 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 the claims arising from any failure of the Wabush CCAA Parties to make certain normal course payments or special payments under the Wabush Pension Plans and for the wind-up deficit under the Wabush Pension Plans currently subject to an appeal of Mr. Justice Hamilton’s decision dated September 11, 2017, as may be further appealed, and (b) the Newfoundland Reference Proceedings with regards to the interpretation of the *Pension Benefits Act* (Newfoundland and Labrador) and the applicable pension legislation to members and beneficiaries of the Wabush Pension Plans;

“Person” means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust (including a real estate investment trust), unincorporated

organization, joint venture, government or any agency or instrumentality thereof or any other entity;

“**Plan**” has the meaning given to such term in Paragraph 4;

“**Plan Implementation Date**” means the Business Day on which all of the conditions precedent to the implementation of the Plan have been fulfilled, or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by the Monitor’s Plan Implementation Date Certificate to be filed with the Court;

“**Plan Implementation Date Certificate**” means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court, declaring that all of the conditions precedent to implementation of the Plan have been satisfied or waived;

“**Plan Modification**” shall have the meaning ascribed thereto in the Meetings Order;

“**Plan Sanction Date**” means the date that the Sanction Order issued by the Court;

“**Plan Sponsors**” means the Parent and all other Non-Filed Affiliates;

“**Post-Filing Claims Procedure Order**” means the Post-Filing Claims Procedures Order to be sought by the CCAA Parties, which, *inter alia*, seeks to establish a post-filing claims procedure with respect to post-filing claims, if any, against the CCAA Parties and their Officers and Directors, as such may be amended, restated or supplemented from time to time;

“**Priority Claims**” means, collectively, the (a) Employee Priority Claim; and (b) Government Priority Claims;

“**Priority Pension Claim**” means a Pension Claim that is Finally Determined to have priority over Secured Claims or Unsecured Claims;

“**Proof of Claim**” means the proof of claim form that was required to be completed by a Creditor setting forth its applicable Claim and filed by the Claims Bar Date, pursuant to the Amended Claims Procedure Order;

“**Property**” means, collectively, the BL Property and the Wabush Property;

“**Proven Affected Unsecured Claim**” means an Affected Unsecured Claim that is a Proven Claim;

“**Proven Claim**” means (a) a Claim of a Creditor, Finally Determined as an Allowed Claim for voting, distribution and payment purposes under the Plan, (b) in the case of the Participating CCAA Parties in respect of their CCAA Party Pre-Filing Interco Claims, and in the case of the Non-Filed Affiliates in respect of their Non-Filed Affiliate Unsecured Interco Claims and Non-Filed Affiliate Secured Interco Claims, as such Claims are declared, solely for the purposes of the Plan, to be Proven Claims pursuant to and in the amounts set out in this Order, and (c) in the case of Employee Priority Claims and Government Priority Claims, as Finally Determined to be a valid post-Filing Date claim against a Participating CCAA Party;

“**Proven Secured Claim**” means a Secured Claim that is a Proven Claim;

“**Quinto**” means Quinto Mining Corporation;

“**Representative Court Order**” means the Court Order dated June 22, 2015, as such order may be amended, supplemented, restated or rectified from time to time;

“**Required Majority**” means, with respect to each Unsecured Creditor Class, a majority in number of Affected Unsecured Creditors who represent at least two-thirds in value of the Claims of Affected Unsecured Creditors who actually vote approving the Plan (in person, by proxy or by ballot) at the Meeting;

“**Restructuring Claim**” means any right or claim of any Person against the Participating CCAA Parties (or any one of them) in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Participating CCAA Parties (or any one of them) to such Person, arising out of the restructuring, disclaimer, resiliation, termination or breach or suspension, on or after the applicable Filing Date, of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Amended Claims Procedure Order, and, for greater certainty, includes any right or claim of an Employee of any of the Participating CCAA Parties arising from a termination of its employment after the applicable Filing Date, *provided, however*, that “**Restructuring Claim**” shall not include an Excluded Claim;

“**Salaried Members**” means, collectively, all salaried/non-Union Employees and retirees of the Wabush CCAA Parties or any person claiming an interest under or on behalf of such former employees or pensioners and surviving spouses, or group or class of them (excluding any individual who opted out of representation by the Salaried Members Representatives and Salaried Representative Counsel in accordance with the Representative Court Order, if any);

“**Salaried Members Representatives**” means Michael Keeper, Terrence Watt, Damien Lebel and Neil Johnson, in their capacity as Court-appointed representatives of all the Salaried Members of the Wabush CCAA Parties, the whole pursuant to and subject to the terms of the Representative Court Order;

“**Salaried Members Representative Counsel**” means Koskie Minsky LLP and Fishman Flanz Meland Paquin LLP, in their capacity as legal counsel to the Salaried Members Representatives, or any replacement thereof;

“**Salaried Pension Plan**” means the defined benefit plan known as the Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent (Canada Revenue Agency registration number 0343558);

“**Sanction Hearing**” means the hearing of the Sanction Motion;

“**Sanction Motion**” means the motion by the Participating CCAA Parties seeking the Sanction Order;

“**Sanction Order**” means the Court Order to be sought by the Participating CCAA Parties from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder, pursuant to Section 6(1) of the CCAA, substantially in the form of Schedule “E” to the Plan or otherwise in form and content acceptable to the Participating CCAA Parties, the Monitor and the Parent, in each case, acting reasonably;;

“Secured Claims” means Claims held by “secured creditors” as defined in the CCAA, including Construction Lien Claims, to the extent of the Allocated Value of the Property securing such Claim, with the balance of the Claim being a Deficiency Claim, and amounts subject to section 6(6) of the CCAA;

“Service List” means the service list in the CCAA Proceedings;

“Secured Creditors” means Creditors holding Secured Claims;

“Stay of Proceedings” means the stay of proceedings created by the Initial Order as amended and extended by further Court Order from time to time;

“Tax” or **“Taxes”** means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

“Tax Claims” means any Claim against the Participating CCAA Parties (or any one of them) for any Taxes in respect of any taxation year or period ending on or prior to the applicable Filing Date, and in any case where a taxation year or period commences on or prior to the applicable Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the applicable Filing Date and up to and including the applicable Filing Date. For greater certainty, a Tax Claim shall include, without limitation, (a) any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto, and (b) any Claims against any BL/Wabush Released Party in respect of such Taxes;

“Taxing Authorities” means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada (including Revenu Québec) and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and **“Taxing Authority”** means any one of the Taxing Authorities;

“Unaffected Claims” means:

- (a) Excluded Claims;
- (b) Secured Claims;
- (c) amounts payable under Section 6(3), 6(5) and 6(6) of the CCAA;
- (d) Priority Claims; and
- (e) D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA;

“Union Pension Plan” means the defined benefit plan known as the Pension Plan Bargaining Unit Employees of Wabush Mines, Cliffs Mining Company, Managing Agent (Canada Revenue Agency registration number 0555201);

“Unresolved Affected Unsecured Claim” means an Affected Unsecured Claim that is an Unresolved Claim;

“Unresolved Claim” means a Claim, which at the relevant time, in whole or in part: (a) has not been Finally Determined to be a Proven Claim in accordance with the Amended Claims Procedure Order and this Plan; (b) is validly disputed in accordance with the Amended Claims Procedure Order; and/or (c) remains subject to review and for which a Notice of Allowance or Notice of Revision or Disallowance (each as defined in the Amended Claims Procedure Order) has not been issued to the Creditor in accordance with the Amended Claims Procedure Order as at the date of this Plan, in each of the foregoing clauses, including both as to proof and/or quantum, and for greater certainty includes a Non-Filed Affiliate Interco Claim or CCAA Party Pre-Filing Interco Claim in respect of the Wabush CCAA Parties prior to the Final Determination of the Pension Priority Proceedings;

“Unresolved Voting Claim” means the amount of the Unresolved Affected Unsecured Claim of an Affected Unsecured Creditor as determined in accordance with the terms of the Amended Claims Procedure Order entitling such Affected Unsecured Creditor to vote at the applicable Meeting in accordance with the provisions of the Meetings Order, the Plan and the CCAA;

“Unsecured Claims” means Claims that are not secured by any Lien;

“Unsecured Creditor Class” means each of the CQIM/Quinto Unsecured Creditor Class, BL Parties Unsecured Creditor Class, Wabush Mines Unsecured Creditor Class, Arnaud Unsecured Creditor Class and Wabush Railway Unsecured Creditor Class;

“USW Counsel” means [Philion Leblanc Beaudry avocats, in their capacity as legal counsel to the United Steelworkers, Locals 6254, 6285 and 9996;](#)

“Voting Claim” means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor as Finally Determined in the manner set out in the Amended Claims Procedure Order entitling such Affected Unsecured Creditor to vote at the applicable Meeting in accordance with the provisions of the Meetings Order, the Plan and the CCAA;

“Wabush Administration Charge” means the charge over the Wabush Property created by paragraph 45 of the Wabush Initial Order and having the priority provided in paragraphs 46 and 47 of such Order in the amount of Cdn\$1.75 million, as such amount may be reduced from time to time by further Court Order;

“Wabush CCAA Parties” means, collectively, Wabush Iron, Wabush Resources, Wabush Mines, Arnaud and Wabush Railway;

“Wabush Directors’ Charge” means the charge over the Wabush Property created by paragraph 31 of the Wabush Initial Order, and having the priority provided in paragraphs 46 and 47 of such Court Order in the amount of Cdn\$2 million, as such amount may be reduced from time to time by further Court Order;

“Wabush Iron” means Wabush Iron Co. Limited;

“Wabush Mines Parties” means collectively, Wabush Iron, Wabush Resources and Wabush Mines;

“Wabush Pension Plans” means, collectively, the Salaried Pension Plan and the Union Pension Plan;

“Wabush Property” means all current and future assets, rights, undertakings and properties of the Wabush CCAA Parties, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

“Wabush Railway” means Wabush Lake Railway Company Limited;

“Wabush Resources” means Wabush Resources Inc.;

“Website” means www.cfcanada.fticonsulting.com/bloomlake.

[LETTERHEAD OF MONITOR]

April __, 2018

TO: Creditors of Cliffs Québec Iron Mining ULC (“**CQIM**”), Bloom Lake General Partner Limited (“**BLGP**”), The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Quinto Mining Corporation (“**Quinto**” and, together with CQIM, BLGP and BLLP, the “**Participating BL CCAA Parties**”) and Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**”), Wabush Mines (“**Wabush Mines**”), Arnaud Railway Company (“**Arnaud**”) and Wabush Lake Railway Company Limited (“**Wabush Railway**” and, together with WICL, WRI, Wabush Mines and Arnaud, the “**Wabush CCAA Parties**” and, together with the Participating BL CCAA Parties, as certain of them may be consolidated under the Plan (as defined below), the “**Participating CCAA Parties**”).

Dear Sirs/Mesdames:

Proposed Joint Plan of Compromise and Arrangement of the Participating CCAA Parties

Please find attached a Joint Plan of Compromise and Arrangement (as amended, restated or supplemented from time to time in accordance with the provisions thereof, the “**Plan**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) as filed by the Participating CCAA Parties (as defined above) with the Quebec Superior Court on ~~March 19~~, April 16, 2018. Capitalized terms used in this letter not otherwise defined are as defined in Schedule “A” to the Plan.

The Plan seeks to implement the principal terms of a proposed settlement (the “**Settlement**”) between the Participating CCAA Parties and Cleveland-Cliffs Inc. (the “**Parent**”) and its former and current direct and indirect subsidiaries and affiliates (collectively with the Parent, the “**Non-Filed Affiliates**”) as negotiated by FTI Consulting Canada Inc., in its capacity as the independent court-appointed Monitor in the CCAA proceedings (the “**Monitor**”) and to distribute remaining assets of the Participating CCAA Parties to their creditors.

If the Plan is approved by the required majorities of creditors and sanctioned by the Court, the Plan will:

- resolve potential claims (collectively, the “**Potential Recovery Claims**”) against certain of the Non-Filed Affiliates, without the significant time and expense of litigation and of obtaining payment from defendants in multiple foreign jurisdictions, the whole with an uncertain outcome;
- resolve significant intercompany claims between the CCAA Parties and between the CCAA Parties and certain Non-Filed Affiliates without the significant time and expense that would otherwise be incurred;
- provide significant additional monetary recoveries to third-party creditors which would not be available absent successful litigation in respect of the Potential Recovery Claims; and
- accelerate the payment of interim distributions to third-party creditors.

Pursuant to the Settlement, the Non-Filed Affiliates have agreed to sponsor the Plan by contributing the following to the Participating CCAA Parties' estates for the benefit of Third Party Affected Unsecured Creditors with Proven Claims:

- (a) a cash contribution of CDN\$5 million, of which CDN\$4 million will be allocated to the CQIM/Quinto Unsecured Creditor Class and CDN\$1 million will be allocated amongst unsecured creditors of the other Participating CCAA Parties pro-rata based upon the amount of third party Proven Claims against such other CCAA Parties; and
- (b) all of the secured and unsecured distributions to which certain Non-Filed Affiliates would otherwise be entitled, which will be contributed to the CQIM/Quinto Parties (such Non-Filed Affiliates, being the "**Designated Non-Filed Affiliates**").

While the value of the distributions to be contributed by the Designated Non-Filed Affiliates cannot be calculated with certainty at this time because of various outstanding issues in the CCAA Proceedings, the Monitor estimates that the total incremental amount available to third-party creditors in the event that the Plan is implemented would be in the range of approximately CDN\$62 million to CDN\$100 million.

The Plan is a single joint Plan that will be subject to approval by each of the Unsecured Creditor Classes, which are:

- (a) CQIM/Quinto Unsecured Creditor Class: Affected Unsecured Creditors of CQIM or Quinto;
- (b) BL Parties Unsecured Creditor Class: Affected Unsecured Creditors of BLGP or BLLP;
- (c) Wabush Mines Parties Unsecured Creditor Class: Affected Unsecured Creditors of WICL, WRI or Wabush Mines;
- (d) Arnaud Unsecured Creditor Class: Affected Unsecured Creditors of Arnaud; and
- (e) Wabush Railway Unsecured Creditor Class: Affected Unsecured Creditors of Wabush Railway.

Third Party Affected Unsecured Creditors in each as class will be entitled to vote the amount of their Claim proven in accordance with the Claims Procedure Order. To the extent that a Claim or any part of a Claim remains unresolved, the Affected Unsecured Creditor will also be able to vote its Unresolved Claim and such vote shall be tabulated separately from the votes of Affected Unsecured Creditors with Proven Claims.

Distributions on account of Proven Claims of Affected Unsecured Creditors in each Unsecured Creditor Class will be based on the pro-rata share of the net amounts available in each estate from realizations as determined pursuant to the Allocation Methodology approved by the Court by an Order granted July 25, 2017, as supplemented by the amounts being contributed by the Designated Non-Filed Affiliates. The methodology for calculating the distribution entitlement of individual Affected Unsecured Creditors is the same for each Unsecured Creditor Class.

The Plan provides for customary releases for the Participating CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents, the Monitor, FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents, and the Non-Filed Affiliates and their respective current and former members, shareholders, directors, officers and employees, advisors, legal counsel and agents. The defendants named in class action proceedings filed in the Supreme Court of Newfoundland and Labrador on behalf of former salaried and union employees are not released from the claims asserted in those class action proceedings. Accordingly, those class action proceedings are not impacted by the Plan.

The Plan does not affect the determination of the Pension Priority Proceedings, which matters are the subject of dispute and must be resolved prior to any distributions to Affected Unsecured Creditors of the Wabush CCAA Parties.

The information provided in this letter is intended to give a high-level overview to help you understand the Plan. You should note, however, that the governing document is the Plan. Accompanying this letter are the following important documents:

- The Plan;
- The Meetings Order, granted ~~March 26,~~[April 16,](#) 2018;
- A Notice of Creditors' Meetings and Sanction Hearing;
- A form of Proxy and instructions for its completion; and
- The Monitor's Report on the Plan.

You should read each of these documents carefully and in their entirety. You may wish to consult financial, tax or other professional advisors regarding the Plan and should not construe the contents of this letter as investment, legal or tax advice.

As stated in the Monitor's Report on the Plan, the Monitor recommends that Affected Unsecured Creditors vote FOR the Plan.

The Creditors' Meetings will be held on ~~May 10,~~[June 18,](#) 2018 in Montreal, Quebec. Details of the Creditors' Meetings and the Sanction Hearing are contained in the Notice of Creditors' Meetings and Sanction Hearing.

Creditors that are corporations, partnerships or trusts wishing to vote on the Plan must submit a properly completed Proxy by no later than **5:00 p.m. (Eastern time) ~~May 8,~~[June 14,](#) 2018** (the "**Proxy Deadline**") appointing a proxy holder to attend and vote at the Creditors' Meeting.

Creditors that are individuals wishing to vote on the Plan may (i) appoint a proxy holder to attend and vote at the Creditor's Meeting by submitting a properly completed Proxy by no later than the Proxy Deadline; or (ii) vote in person at the Creditors' Meeting.

As stated in the Monitor's Report on the Plan, and for the reasons set out therein, the Monitor recommends that creditors vote FOR the Plan.

If you have any questions regarding the Plan, the vote, or matters with respect to the Creditors' Meetings or Sanction Hearing, please contact the Monitor by email at bloomlake@fticonsulting.com or by telephone at 1-844-669-6338 or 416-649-8126.

Yours sincerely,

FTI Consulting Canada Inc., solely in its capacity as Court-Appointed
Monitor of the CCAA Parties

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A JOINT PLAN OF COMPROMISE OR ARRANGEMENT
OF BLOOM LAKE GENERAL PARTNER LIMITED, THE BLOOM LAKE IRON ORE
MINE LIMITED PARTNERSHIP, QUINTO MINING CORPORATION, CLIFFS QUÉBEC
IRON MINING ULC, WABUSH IRON CO. LIMITED, WABUSH RESOURCES INC.,
WABUSH MINES, ARNAUD RAILWAY COMPANY, WABUSH LAKE RAILWAY
COMPANY LIMITED
(collectively, the “Participating CCAA Parties”)**

NOTICE OF MEETINGS AND SANCTION HEARING

TO: The Affected Unsecured Creditors of the Participating CCAA Parties

Capitalized terms used and not otherwise defined in this Notice are as defined in the Joint Plan of Compromise and Arrangement of the Participating CCAA Parties dated ~~March 19~~, April 16, 2018 (as amended, restated and/or supplemented from time to time in accordance with the terms thereof, the “**Plan**”).

NOTICE IS HEREBY GIVEN that Meetings of each of the following Unsecured Creditor Classes of the Participating CCAA Parties will be held at the following dates, times and locations:

Unsecured Creditor Class	Meeting Information
Cliffs Québec Iron Mining ULC and Quinto Mining Corporation, voting together as one Unsecured Creditor Class	May 10 , <u>June 18</u> , 2018 at 9:30 am at: Norton Rose Fulbright Canada LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
Bloom Lake General Partner Limited and The Bloom Lake Iron Ore Mine Limited Partnership, voting together as one Unsecured Creditor Class	May 10 , <u>June 18</u> , 2018 at 9:30 am at: Norton Rose Fulbright Canada LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
Wabush Iron Co. Limited, Wabush Resources Inc., and Wabush Mines, voting together as one Unsecured Creditor Class	May 10 , <u>June 18</u> , 2018 at 11:00 am at: Norton Rose Fulbright Canada LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
Arnaud Railway Company	May 10 , <u>June 18</u> , 2018 at 11:00 am at: Norton Rose Fulbright Canada LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1
Wabush Lake Railway Company Limited	May 10 , <u>June 18</u> , 2018 at 11:00 am at: Norton Rose Fulbright Canada LLP Suite 2500, 1 Place Ville Marie Montréal, QC H3B 1R1

The purpose of the Meetings is to:

- a) consider, and if deemed advisable, to pass, with or without variation, a resolution (the “**Resolution**”) approving the Plan; and
- b) transact such other business as may properly come before the Meetings or any adjournment or postponement thereof.

The Meetings are being held pursuant to an order (the “**Plan Filing and Meetings Order**”) of the Québec Superior Court (“**CCAA Court**”) made on ~~March 26~~, [April 16](#), 2018, which establishes the procedures for FTI Consulting Canada Inc. (in such capacity and not in its personal or corporate capacity, the “**Monitor**”) to call, hold and conduct the Meetings.

The Plan provides for the compromise of the Affected Claims. The quorum for each Meeting will be one Affected Unsecured Creditor holding a Voting Claim or an Unresolved Voting Claim (each such creditor, an “**Eligible Voting Creditor**”) present in person or by proxy.

In order for the Plan to be approved and binding in accordance with the CCAA, the Resolution must be approved by a majority in number of Affected Unsecured Creditors in each Unsecured Creditor Class representing at least two-thirds in value of the Claims of Affected Unsecured Creditors who actually vote (in person or by proxy) on the Resolution at the applicable Meeting (the “**Required Majority**”).

All Eligible Voting Creditors will be eligible to attend the applicable Meeting and vote on the Plan. The votes of Eligible Voting Creditors holding Unresolved Voting Claims will be separately tabulated by the Monitor, and Unresolved Claims will be resolved in accordance with the Amended Claims Procedure Order prior to any distribution on account of such Unresolved Claims. Holders of an Unaffected Claim will not be entitled to attend and vote at any Meeting.

Forms and Proxies for Affected Unsecured Creditors

Any Eligible Voting Creditor who is unable to attend the applicable Meeting may vote by proxy. Further, any Eligible Voting Creditor who is not an individual may only attend and vote at the applicable Meeting if a proxyholder has been appointed to act on its behalf at such Meeting. A form of Proxy is included as part of the Meeting Materials being distributed by the Monitor to each Affected Unsecured Creditor.

Proxies, once duly completed, dated and signed, must be sent by email to the Monitor, or if cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Proxy form. Proxies must be received by the Monitor by no later than **5:00 p.m. (Eastern time) ~~May 8~~, [June 14](#), 2018** (the “**Proxy Deadline**”).

Notice of Sanction Hearing

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved by the Required Majority of each Unsecured Creditor Class at the Meetings, the Participating CCAA Parties intend to bring a motion before the CCAA Court on ~~May 22~~, **June 29, 2018 at 9:00 am** (Eastern Time) (the “**Sanction Hearing**”). The motion will be seeking the granting of the Sanction Order sanctioning the Plan under the CCAA and for ancillary relief consequent upon such sanction. Any person wishing to oppose the motion for the Sanction Order must serve upon the parties on the Service List as posted on the Monitor's Website and file with the CCAA Court, a copy of the materials to be used to oppose the Sanction Order by no later than 5:00 pm (Eastern Time) on ~~May 18~~, **June 26**, 2018.

This Notice is given by the Participating CCAA Parties pursuant to the Plan Filing and Meetings Order. Additional copies of the Meeting Materials, including the Plan, may be obtained from the Monitor's Website (<http://cfcanada.fticonsulting.com/bloomlake>), or by requesting one from the Monitor by email at bloomlake@fticonsulting.com.

DATED this _____ day of _____, 2018.

8569044.6

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A JOINT PLAN OF COMPROMISE OR ARRANGEMENT
OF BLOOM LAKE GENERAL PARTNER LIMITED, THE BLOOM LAKE IRON ORE MINE LIMITED
PARTNERSHIP, QUINTO MINING CORPORATION, CLIFFS QUÉBEC IRON MINING ULC, WABUSH
IRON CO. LIMITED, WABUSH RESOURCES INC., WABUSH MINES, ARNAUD RAILWAY COMPANY,
WABUSH LAKE RAILWAY COMPANY LIMITED
(collectively, the "PARTICIPATING CCAA PARTIES")

PROXY

Before completing this Proxy, please read carefully the accompanying instructions for the proper completion and return of the form.

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Joint Plan of Compromise and Arrangement of the Participating CCAA Parties dated ~~March 19~~, April 16, 2018 (as may be amended, supplemented and/or restated from time to time, the "Plan") filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Quebec Superior Court (the "CCAA Court") on ~~March 19~~, April 16, 2018.

In accordance with the Plan, Proxies may only be filed by Affected Unsecured Creditors having a Voting Claim or an Unresolved Voting Claim ("Eligible Voting Creditors").

PROXIES, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT BY EMAIL TO THE MONITOR, OR IF CANNOT BE SENT BY EMAIL, DELIVERED TO THE MONITOR BY NO LATER THAN 5:00 P.M. (EASTERN TIME) ON ~~MAY 8~~, JUNE 14, 2018 (THE "PROXY DEADLINE").

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all Proxies previously given, if any, and nominates, constitutes, and appoints **Mr. Nigel Meakin** of FTI Consulting Canada Inc., in its capacity as Monitor, or such Person as he, in his sole discretion, may designate or, instead of the foregoing, appoints:

Print Name of Proxy holder if wishing to appoint
someone other than Mr. Nigel Meakin

to attend on behalf of and act for the Eligible Voting Creditor at the applicable Meeting(s) to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of the Meeting(s), and to vote the dollar value of the Eligible Voting Creditor's Eligible Voting Claim(s) as determined by and accepted for voting purposes in accordance with the Meetings Order and as set out in the Plan as follows:

A. (mark one only):

Vote FOR approval of the resolution to accept the Plan; or

Vote AGAINST approval of the resolution to accept the Plan.

If a box is not marked as a vote for or against approval of the Plan and Mr. Nigel Meakin or his designate is appointed as proxy holder, this Proxy shall be voted for approval of the Plan.

- and -

B. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments or variations to the matters identified in the notice of the Meeting and in this Plan, and with respect to other matters that may properly be presented at Meeting.

Dated this _____ day of _____, 2018.

Print Name of Eligible Voting Creditor

Title of the authorized signing officer of the corporation, partnership or trust, if applicable

Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Telephone number of the Eligible Voting Creditor or authorized signing officer

Mailing Address of Eligible Voting Creditor

Email address of Eligible Voting Creditor

Print Name of Witness, if Eligible Voting Creditor is an individual

Signature of Witness

INSTRUCTIONS FOR COMPLETION OF PROXY

1. This Proxy should be read in conjunction with the Joint Plan of Compromise and Arrangement of the Applicant dated ~~March 19,~~April 16, 2018 (as it may be amended, restated or supplemented from time to time, the “Plan”) filed pursuant to the *Companies’ Creditors Arrangement Act* (the “CCAA”) with the Quebec Superior Court (the “CCAA Court”) on ~~March 19,~~April 16, 2018 and the Meetings Order. Capitalized terms used herein not otherwise defined shall have the meanings ascribed to them in the Plan.
2. Each Eligible Voting Creditor has the right to appoint a person (who need not be a Creditor) (a “Proxy holder”) to attend, act and vote for and on behalf of such Eligible Voting Creditor and such right may be exercised by inserting the name of the Proxy holder in the blank space provided on the Proxy.
3. If no name has been inserted in the space provided to designate the Proxy holder on the Proxy, the Eligible Voting Creditor will be deemed to have appointed Mr. Nigel Meakin of FTI Consulting Canada Inc., in its capacity as Monitor (or such other Person as he, in his sole discretion, may designate), as the Eligible Voting Creditor’s Proxy holder.
4. An Eligible Voting Creditor who has given a Proxy may revoke it by an instrument in writing executed by such Eligible Voting Creditor or by its attorney, duly authorized in writing or, if an Eligible Voting Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited with the Monitor in each case before the Proxy Deadline.
5. If this Proxy is not dated in the space provided, it shall be deemed to be dated as of the date on which it is received by the Monitor.
6. A valid Proxy from the same Eligible Voting Creditor bearing or deemed to bear a later date than this Proxy will be deemed to revoke this Proxy. If more than one valid Proxy from the same Eligible Voting Creditor and bearing or deemed to bear the same date are received by the Monitor with conflicting instructions, such Proxies shall not be counted for the purposes of the vote.
7. This Proxy confers discretionary authority upon the Proxy holder with respect to amendments or variations to the matters identified in the notice of the Meeting and in the Plan, and with respect to other matters that may properly come before the Meeting.
8. The Proxy holder shall vote the Eligible Voting Claim of the Eligible Voting Creditor in accordance with the direction of the Eligible Voting Creditor appointing him/her on any ballot that may be called for at the applicable Meeting. **IF AN ELIGIBLE VOTING CREDITOR FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE RESOLUTION TO ACCEPT THE PLAN, AND MR. NIGEL MEAKIN OR HIS DESIGNATE IS APPOINTED AS PROXY HOLDER, THIS PROXY WILL BE VOTED FOR THE RESOLUTION TO APPROVE THE PLAN, INCLUDING ANY AMENDMENTS, VARIATIONS OR SUPPLEMENTS THERETO. IF AN ELIGIBLE VOTING CREDITOR FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE RESOLUTION TO ACCEPT THE PLAN AND APPOINTS A PROXY HOLDER OTHER THAN MR. NIGEL MEAKIN OR HIS DESIGNATE, THE PROXY HOLDER MAY VOTE ON THE RESOLUTION AS HE OR SHE DETERMINES AT THE APPLICABLE MEETING.**
9. If the Eligible Voting Creditor is an individual, this Proxy must be signed by the Eligible Voting Creditor or by a person duly authorized (by power of attorney) to sign on the Eligible Voting Creditor's behalf. If the Eligible Voting Creditor is a corporation, partnership or trust, this proxy must be signed by a duly authorized officer or attorney of the corporation, partnership or trust. If you are voting on behalf of a corporation, partnership or trust or on behalf of another individual at a Meeting, you must have been appointed as a proxy holder by a duly completed proxy submitted to the Monitor by the Proxy Deadline. You may be required to provide documentation evidencing your power and authority to sign this Proxy.

10. **PROXIES, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT BY EMAIL TO THE MONITOR, OR IF CANNOT BE SENT BY EMAIL, DELIVERED TO THE MONITOR BY NO LATER THAN 5:00 P.M. (EASTERN TIME) ON ~~MAY 8,~~JUNE 14, 2018 (THE “PROXY DEADLINE”).**

By email: bloomlake@fticonsulting.com

By mail or courier: FTI Consulting Canada Inc.
Monitor of Bloom Lake General Partners Limited, et al.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario
M5K 1G8

11. The Applicant and the Monitor are authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed by the Meetings Order.

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A JOINT PLAN OF COMPROMISE OR ARRANGEMENT
OF BLOOM LAKE GENERAL PARTNER LIMITED, THE BLOOM LAKE IRON ORE
MINE LIMITED PARTNERSHIP, QUINTO MINING CORPORATION, CLIFFS QUÉBEC
IRON MINING ULC, WABUSH IRON CO. LIMITED, WABUSH RESOURCES INC.,
WABUSH MINES, ARNAUD RAILWAY COMPANY, WABUSH LAKE RAILWAY
COMPANY LIMITED
(collectively, the “Participating CCAA Parties” and each a “Participating CCAA Party”)**

RESOLUTION OF UNSECURED CREDITOR CLASS

BE IT RESOLVED THAT:

1. the Joint Plan of Compromise and Arrangement dated ~~March 19~~, April 16, 2018 filed by the Participating CCAA Parties under the *Companies' Creditors Arrangement Act*, as may be amended, restated or supplemented from time to time in accordance with its terms (the “**Plan**”), which Plan has been presented to this Meeting, be and is hereby accepted, approved, and authorized;
2. any director or officer of the applicable Participating CCAA Party be and is hereby authorized, empowered and instructed, acting for, and in the name of and on behalf of such Participating CCAA Party, to execute and deliver, or cause to be executed and delivered, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer determines to be necessary or desirable in order to carry out the Plan, such determination to be conclusively evidenced by the execution and delivery by such directors or officers of such documents, agreements or instruments or the doing of any such act or thing.
3. notwithstanding that this Resolution has been passed and the Plan has been approved by the Affected Unsecured Creditors and the Court, the directors of the Participating CCAA Parties be and are hereby authorized and empowered to amend the Plan or not proceed to implement the Plan subject to and in accordance with the terms of the Plan.