

CANADA

PROVINCE OF QUEBEC
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 AND CLIFFS QUÉBEC IRON
MINING ULC**

Petitioners

- and -

**THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP AND BLOOM
LAKE RAILWAY COMPANY LIMITED**

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

**THIRD 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 (“**Bloom Lake GP**”), Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC (“**CQIM**”) (collectively, the “**Petitioners**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) from the Superior Court of Quebec (the “**Court**”), providing for, *inter alia*, a stay of proceedings against the Petitioners until February 26, 2015 (the “**Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The relief granted in the Initial Order was also extended to The Bloom Lake Iron Ore Mine Limited Partnership (“**Bloom Lake LP**”) and Bloom Lake Railway Company Limited (the “**Mises-en-Cause**” and together with the Petitioners, the “**CCAA Parties**”). The proceedings commenced under the CCAA by the CCAA Parties will be referred to herein as the “**CCAA Proceedings**”.
2. Pursuant to the Order of the Honourable Mr. Justice Hamilton, J.S.C. granted February 20, 2015 (the “**Amended Initial Order**”), the Stay Period was extended to April 30, 2015.
3. To date, the Monitor has filed two reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor’s Third Report, is to inform the Court on the following:
 - (a) The receipts and disbursements of the CCAA Parties for the period from January 31 to March 27, 2015;

- (b) The CCAA Parties' revised and extended cash flow forecast for the period March 28 to July 31, 2015 (the "**April 2 Forecast**");
- (c) The CCAA Parties' request, and the Monitor's recommendation thereon, for an Order (the "**Chromite Approval and Vesting Order**"), which provides for, *inter alia*:
 - (i) Approval of the proposed transaction (the "**Chromite Transaction**") contemplated by the Share Purchase Agreement (the "**Chromite SPA**") dated as of March 22, 2015 by and between CQIM, Cliffs Greene B.V., Cliffs Netherlands B.V., Wabush Resources Inc., Cliffs Canadian Shared Services Inc., Cliffs Natural Resources Exploration Canada Inc. and "CanCo", as vendors, Noront Resources Ltd., as parent, and 9201955 Canada Inc. as purchaser (the "**Purchaser**"); and
 - (ii) The vesting of all of CQIM's right, title and interest in and to the Amalco Shares (as defined in the Chromite SPA) in and with the Purchaser, free and clear of all encumbrances.
- (d) The CCAA Parties' request for an Order approving the Mount-Wright Camp Lease Agreement dated March 30, 2015, between 8568391 Canada Inc., as landlord, and 8109796 Canada Inc., as tenant (the "**Camp Lease**") and the Monitor's recommendation thereon;
- (e) The CCAA Parties' request, and the Monitor's recommendation thereon, for:

- (i) Approval of the engagement of Moelis & Company LLC (“**Moelis**”) pursuant to the terms of the engagement letter between Moelis, CQIM, Bloom Lake GP and others dated March 23, 2015 and effective January 27, 2015 (the “**Moelis Engagement Letter**”); and
- (ii) The creation of a charge over the property of each CCAA Party securing the Monthly Retainer Fee, Transaction Fees (as such terms are defined in the Moelis Engagement Letter) and expenses reimbursable pursuant to the Moelis Engagement Letter payable by each CCAA Party, on a several basis, to a maximum of US\$8 million (the “**Sale Advisor Charge**”);
- (f) The CCAA Parties’ request for approval of the proposed Sale and Investor Solicitation Process (the “**SISP**”) and the Monitor’s recommendation thereon; and
- (g) The CCAA Parties’ request for an extension of the Stay Period to July 31, 2015 and the Monitor’s recommendation thereon.

TERMS OF REFERENCE

- 4. 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**”).
- 5. 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 Canadian Institute of Chartered Accountants 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 Canadian Institute of Chartered Accountants Handbook.
6. 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.
7. The Monitor has prepared this Report in connection with the CCAA Parties' Motions presentable April 17, 2015 (the "**April 17 Motions**"). The Report should not be relied on for other purposes.
8. 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 Initial Order, the Pre-filing Report of the Proposed Monitor or previous Reports of the Monitor.

EXECUTIVE SUMMARY

9. Capitalized terms used in the Executive Summary are as defined in the relevant section of the Report.

THE CHROMITE MOTION

10. The Monitor is of the view that, in the circumstances:
- (a) The Chromite Marketing Process was fair, transparent and reasonable;

- (b) Further canvassing of the market is not necessary;
 - (c) The results of the Chromite Marketing Process indicate that the Purchase Price is fair and reasonable; and
 - (d) The methodology used for the allocation of the Purchase Price is fair and reasonable.
11. Accordingly, the Monitor supports the Chromite Motion and respectfully recommends that the Chromite Approval and Vesting Order be granted by the Court.

THE CAMP LEASE MOTION

12. The Monitor is of the view that, in the circumstances:
- (a) The terms of the Camp Lease are reasonable;
 - (b) Approval of the Camp Lease will not adversely affect the SISP; and
 - (c) Approval of the Camp Lease will be beneficial to the CCAA Parties' stakeholders.
13. Accordingly, the Monitor supports the Camp Lease Motion and respectfully recommends that an Order approving the Camp Lease be granted by the Court.

THE MOELIS MOTION

14. The Monitor is of the view that, in the circumstances:
- (a) The engagement of an investment banker to assist the CCAA Parties in the implementation of the SISP is beneficial to the estate and its stakeholders generally and to the efficient completion of the CCAA Proceedings;
 - (b) Moelis is a logical, appropriate and qualified choice;

- (c) The amounts payable under the Moelis Engagement Letter are within market parameters; and
 - (d) The creation of the Sale Advisor Charge is appropriate and not unduly prejudicial to the creditors of the CCAA Parties.
15. Accordingly, the Monitor supports the Moelis Motion and respectfully recommends that the CCAA Parties' request for the approval of the engagement of Moelis pursuant to the terms of the Moelis Engagement Letter and the creation of the Sale Advisor Charge be granted by the Court.

THE SISP MOTION

16. The Monitor is of the view that, in the circumstances, the SISP:
- (a) Provides for a broad, open, fair and transparent process;
 - (b) Has an appropriate level of independent oversight;
 - (c) Should encourage and facilitate bidding by interested parties; and
 - (d) Should not discourage parties from submitting offers.
17. Accordingly, the Monitor supports the SISP Motion and respectfully recommends that an Order approving the SISP be granted by the Court.

THE STAY EXTENSION

18. The Monitor is of the view that:
- (a) The CCAA Parties have acted, and are acting, in good faith and with due diligence;
 - (b) Circumstances exist that make an extension of the Stay Period appropriate; and

(c) Creditors would not be materially prejudiced by an extension of the Stay Period to July 31, 2015.

19. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for an extension of the Stay Period to July 31, 2015 be granted.

RECEIPTS & DISBURSEMENTS FOR THE PERIOD TO MARCH 27, 2015

20. The CCAA Parties' actual cash flow on a consolidated basis for the period from January 31 to March 27, 2015, was approximately \$6.8 million better than the February 4 Forecast, as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts	100	1,286	1,186
Disbursements:			
Payroll & Employee Benefits	(3,713)	(2,952)	761
Termination & Severance	(320)	(343)	(23)
Utilities	(480)	(542)	(62)
Other Operating Disbursements	(4,978)	(2,217)	2,761
Operating Cash Flows	(9,391)	(4,768)	4,623
Restructuring Professional Fees	(2,896)	(1,389)	1,507
Projected Net Cash Flow	(12,287)	(6,157)	6,130
Beginning Cash Balance	53,062	53,539	477
Projected Net Cash Flow	(12,287)	(6,157)	6,130
Foreign Exchange Gain/(Loss)	0	220	220
Ending Cash Balance	40,775	47,602	6,827

21. Explanations for the key variances in actual receipts and disbursements as compared to the February 4 Forecast are as follows:

- (a) The favourable variance of approximately \$1.2 million in receipts is a permanent variance of which approximately \$1.0 million results from accounts receivable collections and \$0.2 million in sales tax refunds, neither of which had been included in the February 4 Forecast due to uncertainty on collectability and timing of collection;
- (b) The favourable variance of approximately \$0.8 million in payroll and benefits is a combination of a favourable timing variance of approximately \$0.9 million related to outplacement services and other benefits assumed paid on a weekly basis but which are actually being paid as services are utilized and is expected to reverse in future periods and an unfavourable permanent variance of approximately \$0.1 million arising from the payment of certain contractual bonuses that had been inadvertently omitted from the February 4 Forecast;
- (c) The favourable variance of approximately \$2.8 million in other operating disbursements consists of a favourable permanent variance with respect to payments of sales taxes totalling approximately \$1.2 million and a favourable variance of approximately \$1.6 million in other amounts, the majority of which is believed to be a permanent variance;
- (d) The favourable variance of approximately \$1.5 million in aggregate professional fees is a timing variance that is expected to reverse in future periods; and
- (e) The favourable variance of approximately \$0.5 million in beginning cash balance arises from the reversal of payments stopped as a result of the commencement of the CCAA Proceedings which had been assumed to have cleared when the February 4 Forecast was prepared.

22. The Initial Order permits inter-company funding between the CCAA Parties. To date inter-company funding in the amount of approximately \$340,000 has been advanced from Bloom Lake LP to CQIM since the start of the CCAA Proceedings.

THE APRIL 2 FORECAST

23. The April 2 Forecast is attached hereto as Appendix A. The April 2 Forecast shows a net cash outflow of approximately \$21.7 million in the period March 28 to July 31, 2015, and is summarized below:

	\$000
Receipts	2,247
Disbursements:	
Payroll & Employee Benefits	(6,086)
Termination & Severance	(1,275)
Utilities	(2,523)
Other Operating Disbursements	(7,035)
Operating Cash Flows	(14,672)
Restructuring Professional Fees	(7,017)
Projected Net Cash Flow	(21,689)
Beginning Cash Balance	47,602
Projected Net Cash Flow	(21,689)
Ending Cash Balance	25,913

24. There are no significant changes in the underlying assumptions in the April 2 Forecast as compared to the February 4 Forecast.

REQUEST FOR THE CHROMITE APPROVAL AND VESTING ORDER

25. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Chromite SPA.

THE CHROMITE MARKETING PROCESS

26. Details of the process undertaken for the solicitation of offers for the assets proposed to be sold pursuant to the Chromite SPA (the “**Chromite Marketing Process**”) are set out in the CCAA Parties’ Motion For The Issuance Of An Approval and Vesting Order With Respect To The Sale Of The Chromite Shares dated April 2, 2015 (the “**Chromite Motion**”).
27. The Monitor discussed the Chromite Marketing Process with the CCAA Parties and Moelis and was given the opportunity to provide input on the conduct of the Marketing Process.
28. Paragraph 82 of the Chromite Motion states:

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

29. Moelis has also informed the Monitor that it is of the view that further canvassing of the market is not necessary.

THE CHROMITE SPA

30. A redacted copy of the Chromite SPA is attached to the Chromite Motion as Exhibit R-9. The only redactions are to maintain as confidential the allocation of the portion of the Purchase Price between those Sellers that are not CCAA Parties.
31. The key provisions of the Chromite SPA are as follows:

- (a) The Purchaser shall purchase the Purchased Shares for an aggregate purchase price of US\$20 million payable in cash, of which a deposit of US\$200,000 has been paid and is being held by the Monitor;
- (b) The Purchase Price is allocated amongst the Sellers such that CQIM will receive US\$14,298,806.10 or 71.49% of the Purchase Price, subject to a potential small adjustment prior to closing;
- (c) Closing shall take place one business day after the satisfaction of the conditions precedent to Closing and shall be deemed to occur when the Monitor's Certificate, which shall also be filed with the Court, is delivered to the Purchaser and the Sellers;
- (d) The Sellers shall not encourage, solicit, initiate discussions with or engage in negotiations with any person with respect to an Acquisition Proposal and shall terminate any such efforts;
- (e) Notwithstanding the foregoing, if a written Acquisition Proposal is received and the Sellers determine, after consultation with the Monitor, that such proposal is, or could reasonably be expected to lead to, a Superior Proposal, the Sellers shall be entitled to pursue such Superior Proposal and, if the Sellers determine that the completion of the resultant Alternative Proposal is reasonably likely, terminate the Chromite SPA and pay the Expense Reimbursement; and
- (f) The Expense Reimbursement provides for the reimbursement to the Purchaser of reasonable documented out-of-pocket fees, costs and expenses incurred in connection with the transactions contemplated by the Chromite SPA to a maximum of CAD\$250,000 if the Chromite SPA is terminated as described in (e) above.

32. The Chromite SPA is subject to a number of conditions. The obligation of the Chromite Purchaser and the Sellers to complete the Transaction is subject to the following conditions being satisfied or waived by all parties:
- (a) All Required Consents shall have been obtained in form and on terms satisfactory to Purchaser, Parent and the Sellers, each acting reasonably;
 - (b) The Chromite Approval and Vesting Order shall have been issued and entered in substantially the form of Exhibit G to the Chromite SPA (with such amendments as agreed to by the Purchaser, the Parent and the Sellers, in each case acting reasonably) and the Chromite Approval and Vesting Order shall not have been amended or modified in a manner prejudicial to any of the Parties or set aside, vacated or stayed;
 - (c) There shall be in effect no Law, or any order, injunction, decree or judgment of any court or other Government Entity making it illegal or directly or indirectly prohibiting, restraining, enjoining or preventing the consummation of any of the transactions contemplated by the Chromite SPA.
33. The obligation of the Sellers to complete the Transaction is subject to the following conditions being fulfilled or waived by the Sellers:
- (a) Each of the representations and warranties contained in Article III, in each case disregarding all materiality and Material Adverse Effect qualifications contained therein, shall be true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date, except, in each case, for any failure to be true and correct that, individually and together with other such failures, has not had and would not reasonably be expected to have a Material Adverse Effect;

- (b) The Purchaser and Parent shall each have performed in all material respects all material covenants, obligations and agreements contained in the Chromite SPA required to be performed by the Purchaser and Parent on or before the Closing;
- (c) The Sellers shall have been furnished with a certificate signed by a senior officer of each of the Purchaser and Parent certifying that the conditions set forth in Section 9.2(a) and Section 9.2(b) of the Chromite SPA have been satisfied;
- (d) The Sellers shall have been furnished with a certificate signed by a senior officer of each of the Purchaser and Parent certifying: (i) the constating documents and By-Laws of Purchaser and Parent; (ii) directors' resolutions of each of Purchaser and Parent authorizing the execution and delivery of this Agreement and the Transaction Documents and the performance of each such entity's obligations under this Agreement and the Transaction Documents; and (iii) certificates of incumbency of Purchaser and Parent;
- (e) The Purchaser and the Parent shall have certified in writing to the Sellers on the Closing Date that there have been no amendments to the Loan Documentation since such Loan Documentation was provided to the Purchaser and the Parent in accordance with Section 6.13 (other than any such amendments which have been consented to in writing by the Sellers in accordance with Section 6.13); and
- (f) The Purchaser and the Parent shall have performed and complied with all of the terms and conditions in the Chromite SPA on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed or delivered to the Sellers at the Closing all the documents contemplated by the Chromite SPA to be executed by them.

34. The obligation of the Purchaser and the Parent to complete the Transaction is subject to the following conditions being fulfilled or waived by the Purchaser:
- (a) Each of the representations and warranties set forth in Article IV and Article V, in each case disregarding all materiality and Material Adverse Effect qualifications contained therein, shall be true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date, except, in each case, for any failure to be true and correct that, individually and together with other such failures, has not had and would not reasonably be expected to have a Material Adverse Effect;
 - (b) The Sellers shall have complied in all material respects with all material covenants, obligations and agreements contained in this Agreement required to be performed by the Sellers on or before the Closing;
 - (c) Between the date of the Chromite SPA and the Closing Date, there shall have been no Material Adverse Effect in respect of the Targets;
 - (d) Upon completion of the transactions contemplated by this Agreement, the Purchaser shall own 100% of the Purchased Shares free and clear of all Liens (other than Permitted Encumbrances);
 - (e) The Parent and Purchaser shall have entered into the Loan Documentation and shall have received funds thereunder in an amount not less than the Purchase Price;
 - (f) The Pre-Acquisition Reorganization shall have been effected in the manner described in Exhibit H;
 - (g) The Sellers shall have settled all Related-Party Debt in accordance with Exhibit H and in accordance with Section 6.5;

- (h) The Purchaser and Parent shall have received the written resignation of all the officers and directors of Amalco and RoadCo, together with a release and discharge in the form of Exhibit F;
- (i) The Purchaser and Parent shall have been furnished with a certificate signed by a senior officer of each of the Sellers that the conditions set forth in Section 9.3(a) and Section 9.3(b) have been satisfied;
- (j) The Purchaser and Parent shall have been furnished with a certificate signed by a senior officer or managing director, as the case may be, of each of the Sellers certifying: (i) the constating documents and By-Laws of Amalco, CQIM, Cliffs Greene and Cliffs Netherlands and the Additional Sellers; (ii) directors' resolutions of each of the Sellers authorizing the execution and delivery of the Chromite SPA and the Transaction Documents and the performance of each such entity's obligations under the Chromite SPA and the Transaction Documents; (iii) directors' or shareholders' resolutions, as required, of the Sellers, Cliffs Far North, Cliffs Ontario and Amalco authorizing the transactions contemplated by this Agreement, including the Pre-Acquisition Reorganization and the transfer of the Purchased Shares; and (iv) certificates of incumbency of the Sellers;
- (k) The Purchaser and Parent will have received all minute books and share ledgers of Cliffs Ontario, Cliffs Far North, Amalco and RoadCo; and
- (l) Each Seller shall have performed and complied, in all material respects, with all of the terms and conditions in the Chromite SPA on its part to be performed or complied with at or before the Closing and shall have executed and delivered or caused to have been executed or delivered to the Purchaser at the Closing all the documents contemplated by this Agreement to be executed by them.

THE MONITOR'S COMMENTS AND RECOMMENDATION

35. While the inclusion of an expense reimbursement in a CCAA sale agreement is, in the Monitor's view, unusual except where such an agreement is being positioned as a "stalking horse agreement", in this case the Sellers have negotiated the ability to terminate the Chromite SPA in order to proceed with an Alternative Proposal if such a course of action would be beneficial to stakeholders in return for payment of the Expense Reimbursement.
36. The Monitor notes that the Expense Reimbursement is only payable in the event that the Sellers terminate the Chromite SPA to proceed with an Alternative Proposal and the maximum Expense Reimbursement of CAD\$250,000 represents only approximately 1% of the Purchase Price at current CAD\$/US\$ exchange rates. Accordingly, the Monitor believes that the Expense Reimbursement is reasonable in the circumstances of the transaction.
37. The inclusion of a financing condition in favour of the Purchaser and Parent that must only be satisfied by the Closing Date provides some risk that Closing may not occur notwithstanding the granting of the Chromite Approval and Vesting Order. In accordance with section 6.13 of the Chromite SPA, the Sellers have been provided with a copy of the Loan Documentation pursuant to which the Purchaser and the Parent are to be provided with the necessary financing to satisfy the Purchase Price. While the Loan Documentation is itself subject to a number of conditions to closing, CQIM has informed the Monitor that it has reviewed the Loan Documentation and has a reasonable degree of confidence that the financing condition will be satisfied such that Closing can occur.
38. The proposed form of the Chromite Approval and Vesting Order provides for approval of the Chromite Transaction. The Monitor notes that the Chromite Transaction involves transactions by Sellers that are not CCAA Parties but that the Purchaser wishes to purchase all of the Purchased Shares and is requesting that the Chromite Approval and Vesting Order be sought in the form proposed.

39. Section 36(1) of the CCAA states:

“36(1) **Restriction on disposition of business assets** - A debtor company in respect of which an order has been made under this Act may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.”

40. Section 36(3) of the CCAA states:

“(3) **Factors to be considered** - In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process leading to the proposed sale or disposition;

(c) whether the monitor filed with the court a Report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.”

41. The Monitor has considered the conduct of the Chromite Marketing Process in light of the principles of leading decisions regarding Court-approved sales of assets¹ and is satisfied that the marketing process was fair, transparent and reasonable in the circumstances. Furthermore, the Monitor concurs with the views of the CCAA Parties and Moelis that further canvassing of the market is not necessary in the circumstances.
42. Paragraphs 70 to 72 of the Chromite Motion describe the circumstances with respect to the Additional LOI, as defined in the Chromite Motion and the determination that it was in the best interests of CQIM and the other Sellers to proceed to finalize and execute the proposed Transaction with the Purchaser, rather than terminate those negotiations and pursue a transaction based on the Additional LOI. The Monitor was consulted on that determination and is of the view that, given the conditionality of the Additional LOI, the downside risk of terminating negotiations with the Purchaser when the execution of the Chromite SPA appeared imminent outweighed the benefit of a potentially higher purchase price if the conditions of the Additional LOI could be satisfied and a definitive agreement negotiated at that price. Accordingly, the Monitor concurs with CQIM’s assessment.

¹ *Royal Bank of Canada v. Soundair Corp.* (1991) 4 O.R. (3d) 1 (C.A.), 1991 CanLII 2727 (ON CA); *Aveos Fleet Performance Inc./Aveos performance aéronautique inc.* (arrangement relatif à), 2012 QCCS 4074 (CanLII); *White Birch Paper Holding Company (Arrangement relatif à)*, 2010 QCCS 4915 (CanLII), leave to appeal refused 2010 QCCA 1950 (CanLII); *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6460 (CanLII).

43. The Chromite Marketing Process started long before the commencement of the CCAA Proceedings. However, since its appointment, the Monitor has been provided with all the information it has requested in respect of the Chromite Marketing Process, including the expressions of interest and letters of intent obtained. The CCAA Parties have provided their full cooperation and have consulted with the Monitor in respect of all material decisions with respect to the Chromite Marketing Process since the commencement of the CCAA Proceedings.
44. There are no creditors of the estate that hold security over the Purchased Shares. Accordingly, it was not considered necessary or appropriate to consult with creditors. However, the Monitor notes that Cliffs Natural Resources Inc. and its subsidiaries are likely, in the aggregate, the largest creditors in the estate and that a number of those entities are parties to the Chromite SPA so were directly involved in its negotiation.
45. The Monitor is of the view that results of the Chromite Marketing Process indicate that the Purchase Price is fair and reasonable in the circumstances. The allocation of the Purchase Price amongst the Sellers has been made based on the relative amounts of Related-Party Debt. The Monitor has discussed the Purchase Price allocation methodology with the Sellers and their advisors and is satisfied that the methodology is fair and reasonable in the circumstances.
46. Based on the foregoing, the Monitor supports the Chromite Motion and respectfully recommends that the Chromite Approval and Vesting Order be granted by the Court.

REQUEST FOR APPROVAL OF THE CAMP LEASE

47. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Camp Lease.

THE CAMP LEASE

48. A description of the Mont-Wright Camp and the previous occupation and service arrangements is set out in the CCAA Parties' Motion For Approval Of The Lease Of Certain Property By The Petitioner 8568391 Canada Inc. dated April 1, 2015 (the "**Camp Lease Motion**").
49. The key terms of the Camp Lease are summarized as follows:
- (a) The term of the Camp Lease is twenty-four months commencing on February 1, 2015, unless sooner terminated or extended under the provisions of the Camp Lease;
 - (b) Provided that the Tenant is not in default of its obligations under the Camp Lease beyond any applicable cure period, the Tenant will have three options to renew the Camp Lease with respect to all or any portion of the Leased Premises then subject to the Camp Lease, each for a period of twelve months;
 - (c) The net rent payable for the Term of the Camp Lease and any renewals is \$100,000 per month and, in addition to the net rent, the Tenant shall pay as additional rental to the Landlord equal to one hundred percent of all taxes and operating expenses of the Leased Premises plus all applicable taxes;
 - (d) The Tenant undertakes to provide cafeteria services to approximately fifty-five of the employees and other invitees of the Landlord, its affiliates or related entities for the months of March and April 2015 and to approximately thirty-five of the employees and other invitees of the Landlord, its affiliates or related entities for the remainder of the Term of the Camp Lease starting May 1, 2015 at the Fermont mining camp owned by the Tenant and situated in Fermont, Quebec;

- (e) The Landlord shall have the right at its sole discretion to assign its rights and obligations under the Camp Lease or otherwise transfer the Leased Premises and the Building to a third party without obtaining the consent of the Tenant;
- (f) Notwithstanding any other provision of the Camp Lease, the Landlord or the Tenant shall have the right to terminate the Camp Lease at any time during the Term or Renewal Option provided it notifies the other party with a prior ninety days written notice; and
- (g) The Camp Lease is conditional on Court approval in accordance with paragraph 33(c) of the Amended Initial Order.

THE MONITOR’S COMMENTS AND RECOMMENDATIONS

50. The CCAA Parties state in paragraphs 21 to 25 of the Camp Lease Motion that:

“21. The rent payments and the terms of the Lease were negotiated at arm's length.

22. Given the location of the Leased Premises, no persons other than the CCAA Parties (including a future owner or operator of the Bloom Lake Mine) and the Tenant would have any use for the Leased Premises.

23. If the Landlord were not to lease the Leased Premises to the Tenant pursuant to the Lease, the Leased Premises would remain empty and CQIM would have to continue to bear the costs of maintaining them.

24. The CCAA Parties believe that entering into the Lease constitutes the most effective way of realizing cashflow from the Leased Premises, for the ultimate benefit of the CCAA Parties' creditors and other stakeholders.

25. The terms of the Lease, including the termination rights, were negotiated such that the Lease would not be prejudicial to the sale process to be formally entered into shortly by the CCAA Parties.”

51. The Monitor was consulted throughout the process of negotiating the Camp Lease and concurs with the above statements.
52. The Monitor is of the view that:
- (a) The terms of the Camp Lease are reasonable in the circumstances;
 - (b) Approval of the Camp Lease will not adversely affect the SISP; and
 - (c) Approval of the Camp Lease will be beneficial to the CCAA Parties’ stakeholders.
53. Accordingly, the Monitor supports the Camp Lease Motion and respectfully recommends that an Order approving the Camp Lease be granted by the Court.

REQUEST FOR APPROVAL OF THE MOELIS ENGAGEMENT LETTER AND THE CREATION OF THE SALE ADVISOR CHARGE

54. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Moelis Engagement Letter.

THE MOELIS ENGAGEMENT LETTER

55. As described in the CCAA Parties’ Motion For Authorization Of The Engagement Of A Sale Advisor And Amending The Initial Order dated April 2, 2015 (the “**Moelis Motion**”), Moelis has been assisting with efforts to sell the businesses and assets of the CCAA Parties and their Canadian affiliates for some time, both before and after the commencement of the CCAA Proceedings.

56. The Moelis Engagement Letter is dated March 23, 2015 and contains the following key terms:

- (a) The parties to the Moelis Engagement Letter include CQIM, Bloom Lake GP and certain of their affiliates that are not Petitioners or Mises-en-cause in the CCAA Proceedings (the “**Non-CCAA SISP Parties**”), which is consistent with the inclusion of business and assets of the Non-CCAA SISP Parties in the proposed SISP;
- (b) The amounts payable under the Moelis Engagement Letter are as follows:
 - (i) The Monthly Retainer Fee payable on the first day of each month during the period commencing on the Effective Date and ending on the earlier of (x) the six month anniversary of the Moelis Engagement Letter, (y) closing of a Transaction relating to such Business, and (z) termination of the Moelis Engagement Letter. The last three Monthly Retainer Fees shall be offset, to the extent paid, against the Transaction Fee;
 - (ii) The Transaction Fee, calculated separately with respect to each Transaction and payable promptly at the closing of a Transaction;
 - (iii) The Termination Fee, calculated as a percentage of any Termination Amount received as a result of a Transaction failing to close;
 - (iv) Out-of-pocket and documented reasonable expenses as they are incurred, subject to monthly and aggregate maximums;

- (c) The CCAA Parties are not responsible for the payment of Monthly Retainer Fees, Transaction Fees or Termination Fees relating to Non-CCAA SISP Parties;
 - (d) A Tail Period of twelve months in respect of Transaction Fees and Termination Fees;
 - (e) CQIM and Bloom Lake GP will use their reasonable best efforts to seek the Moelis Approval Order in a form acceptable to Moelis, acting reasonably;
 - (f) The CCAA Parties are required to use their reasonable best efforts to obtain a charge over the property of each CCAA Party securing the Monthly Retainer Fee, Transaction Fees and expenses reimbursable pursuant to the Moelis Engagement Letter payable by each CCAA Party, on a several basis, with such charge having priority over all claims of unsecured creditors of such CCAA Parties, but to be subordinated to the Administration Charge and Directors' Charge and all secured claims;
 - (g) A broad indemnity in favour of Moelis and its affiliates and any of their respective current or former directors, officers, partners, managers, agents, representatives or employees, including any person controlling Moelis or any of its affiliates.
57. The payment of the Transaction Fees payable under the Moelis Engagement Letter has been guaranteed by Cliffs Natural Resources Inc. (“**CNR**”) the ultimate parent of the CCAA Parties pursuant to a confidential letter agreement between Moelis and CNR dated March 23, 2015 (the “**Moelis/CNR Letter**”).

58. In addition, the Moelis/CNR Letter provides for payment of the Transaction Fee in respect of certain amounts for which the Transaction Fee would not be payable under the terms of the Moelis Engagement Letter and without duplication to any amount already included in the Transaction Fee payable (or paid) under the Moelis Engagement Letter.

THE SALE ADVISOR CHARGE

59. As noted above, pursuant to the Moelis Engagement Letter, the CCAA Parties are required to use their reasonable best efforts to obtain a charge over the property of each CCAA Party securing the Monthly Retainer Fee, Transaction Fees (as such terms are defined in the Moelis Engagement Letter) and expenses reimbursable pursuant to the Moelis Engagement Letter payable by each CCAA Party, on a several basis, with such charge having priority over all claims of unsecured creditors of such CCAA Parties, but to be subordinated to the Administration Charge and Directors' Charge and all secured claims.
60. The Sale Advisor Charge, if granted, would be limited to a maximum of US\$8 million, being the maximum amount of the Transaction Fees that could become payable by the CCAA Parties under the Moelis Engagement Letter.

THE MONITOR'S COMMENTS AND RECOMMENDATIONS

61. Moelis is a well-known financial advisor and investment banker and has significant experience in providing such services in the context of court supervised restructuring proceedings. The engagement with the CCAA Parties is under the supervision of Mr. Mark Henkels, Managing Director, and Mr. Carlo De Girolamo, Senior Vice President.

62. The Monitor is of the view that the engagement of an investment banker to assist the CCAA Parties in the implementation of the SISP is, in the circumstances of these CCAA Proceedings, beneficial to the estate and its stakeholders generally and to the efficient completion of the CCAA Proceedings. Furthermore, Moelis has already been providing assistance and advice to the CCAA Parties for some time and is familiar with the businesses and assets. Accordingly, the Monitor is of the view that Moelis is a logical and appropriate choice in the circumstances.
63. While the appointment of an investment banker is not uncommon in CCAA cases, the details of compensation arrangements are often kept confidential. Accordingly, exhaustive research on compensation arrangements approved in CCAA cases is difficult, if not impossible.
64. The Monitor and its counsel have reviewed publicly available information in respect of CCAA filings and have identified a number of recent CCAA cases in which an investment banker has been appointed. Publicly available information with respect to the terms of the engagements in those cases is summarized in Appendix B hereto. Based on this information, together with non-public engagement terms from other proceedings of which the Monitor or its counsel has knowledge, the Monitor is of the view that the amounts payable under the Moelis Engagement Letter are within market parameters.
65. While the Transaction Fees are payable on closing of Transactions, Transaction Value includes assumed liabilities and it is possible that, in certain circumstances, the Transaction Fee could exceed the amount of cash purchase price in a Transaction. Accordingly, Moelis has requested that the CCAA Parties seek the creation of the Sale Advisor Charge to secure payment of the Transaction Fees payable by the CCAA Parties. The Monitor is of the view that although the risk of a claim under the Sale Advisor Charge is remote, the creation of the Sale Advisor Charge is nonetheless appropriate and not unduly prejudicial to the creditors of the CCAA Parties in the circumstances.

66. The Monitor has reviewed the CNR/Moelis Letter and is satisfied that any amounts payable thereunder are not in duplication of amounts payable under the Moelis Engagement Letter. Indeed, while it is not possible for the Monitor to identify and consider all possible transaction scenarios, the Monitor has not been able to construct any likely scenario where additional amounts would be payable under the CNR/Moelis Letter. Furthermore, the Monitor does not view the CNR/Moelis Letter as creating any conflict of interest for Moelis.
67. Accordingly, the Monitor supports the Moelis Motion and respectfully recommends that the CCAA Parties' request for the approval of the engagement of Moelis pursuant to the terms of the Moelis Engagement Letter and the creation the Sale Advisor Charge.

REQUEST FOR APPROVAL OF THE SISP

68. Capitalized terms used in this section of this Report not otherwise defined are as defined in the SISP, which is attached as Exhibit R-3 to the CCAA Parties' Motion For An Order Approving A Sale And Investor Solicitation Process dated April 2, 2015 (the "**SISP Motion**").

THE SISP

69. The key aspects of the SISP are summarized as follows:
- (a) The property that is available for sale pursuant to the SISP is comprised of all property, assets and undertaking (other the Chromite Shares) of the CCAA Parties and Wabush Iron Co. Limited, Wabush Resources Inc., Arnaud Railway Company and Wabush Lake Railway Company, Limited (the "**Non-CCAA Parties**") and together with the CCAA Parties, collectively, the "**Companies**"; the businesses in which an investment may be made pursuant to the SISP are the Bloom Lake Business, the Wabush Mine Business and the Port Business;

- (b) Qualified Phase I Bidders will have the opportunity to submit a Sale Proposal or a Plan Sponsorship Proposal. Sale Proposals and Plan Sponsorship Proposals may be in respect of only a part or parts of the Property or Businesses, and any such proposal will not be precluded from consideration as an acceptable LOI, Qualified Bid or Successful Bid;
- (c) A list of Prospective Bidders will be prepared and appropriate advertising will be determined, which may include newspaper, trade publication, internet or other advertising directed at Prospective Bidders;
- (d) Prospective Bidders will be required to sign a Confidentiality Agreement in order to gain access to the Summary of Businesses, the Data Room and other confidential information;
- (e) Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Qualified Phase I Bidder, a Prospective Bidder must deliver by the LOI Deadline, being 5:00 p.m. (Montréal time) on May 19, 2015 or such later date and/or time as the applicable Companies in respect of one or more Businesses may, in consultation with the Monitor, determine appropriate or as the Court may order;
- (f) The Companies, in consultation with Moelis and the Monitor, shall consider each LOI and the other materials submitted by a Prospective Bidder whether or not the Prospective Bidder constitutes a Qualified Phase I Bidder;

- (g) Notwithstanding the process and deadlines with respect to LOIs, the Companies, in consultation with Moelis and the Monitor, may at any time prior to the applicable Bid Deadline bring a motion to seek approval of a stalking horse purchase agreement in respect of some or all of the Property and related amendments to the SISP, including with respect to an extension to the applicable Bid Deadline;
- (h) Binding offers for a Sale Proposal or Plan Sponsorship Proposal must be submitted in writing by the Bid Deadline, which will be determined by the applicable Companies, in consultation with Moelis and the Monitor, or as may be fixed by the Court;
- (i) If, after consultation with Moelis and Monitor, the applicable Companies determine that only one Qualified Bid, which may include a combination of non-overlapping Qualified Portion Bids, was received, the applicable Companies may choose to accept such Qualified Bid and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder;
- (j) If, after consultation with Moelis and Monitor, the applicable Companies determine that more than one Qualified Bid was received with respect to one or more Businesses or a part thereof, then the applicable Companies shall conduct one or more Auctions to determine the highest and/or best Sale Proposal or Plan Sponsorship Proposal or Aggregated Bid for one or more of the Businesses or any part thereof; and
- (k) All Successful Bids involving the CCAA Parties' Business or Property shall be subject to approval of the Court.

70. The SISP includes requirements for the Companies to consult with the Monitor throughout the process. Non-material amendments may be made to the SISP as agreed to by the Companies and the Monitor. No material amendment to the SISP can be made without the approval of the Court on notice to the Service List.

THE MONITOR'S COMMENTS AND RECOMMENDATION

71. As noted above, the SISP includes the Businesses and assets of the Non-CCAA Parties. Given the nature and locations of the assets and Businesses and the degree of reliance between certain of them, the Monitor is of the view that the inclusion of the Non-CCAA Parties is beneficial as it is possible that interested parties may wish to acquire combinations of businesses or assets of both the CCAA Parties and Non-CCAA Parties.
72. The Monitor has considered the SISP in light of the principles of section 36 of the CCAA and leading decisions dealing with the sale of assets in court-supervised proceedings and is of the view that the SISP is consistent with those principles and provides for a broad, open, fair and transparent process with an appropriate level of independent oversight, that should encourage and facilitate bidding by interested parties and is reasonable in the circumstances. Furthermore, the Monitor does not believe that any aspect of the SISP should discourage parties from submitting offers.
73. Accordingly, the Monitor respectfully recommends that the CCAA Parties' request for approval of the SISP be granted.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

74. The Stay Period currently expires on April 30, 2015. Additional time is required for the CCAA Parties to implement the SISP, if the SISP is approved by the Court, and complete any transactions arising therefrom, to develop and seek approval of a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and to undertake the other activities necessary to complete the CCAA Proceedings. The continuation of the stay of proceedings is necessary to provide the stability needed during that time. Accordingly, the CCAA Parties now seek an extension of the Stay Period to July 31, 2015.
75. The April 2 Forecast demonstrates that, subject to the underlying assumptions thereof, the CCAA Parties have sufficient liquidity to fund the CCAA Proceedings to July 31 2015. Consistent with the February 4 Forecast and as disclosed to the Court, the April 2 Forecast does not include payment of equipment financing and leases or Take or Pay Amounts.
76. Based on the information currently available, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to July 31, 2015.
77. The Monitor also believes that the CCAA Parties have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
78. The Monitor therefore respectfully recommends that this Honourable Court grant the CCAA Parties' request for an extension of the Stay period to July 31, 2015.

The Monitor respectfully submits to the Court this, its Third Report.

Dated this 7th day of April, 2015.

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,
The Bloom Lake Iron Ore Mine Limited Partnership and
Bloom Lake Railway Company Limited



Nigel D. Meakin
Senior Managing Director



Steven Bissell
Managing Director

Appendix A

The April 2 Forecast

CCAA Parties Cash Flow Projection

Amounts in CAD in thousands

Week Ending Friday	3-Apr-15	10-Apr-15	17-Apr-15	24-Apr-15	1-May-15	8-May-15	15-May-15	22-May-15	29-May-15	5-Jun-15	12-Jun-15	19-Jun-15	26-Jun-15	3-Jul-15	10-Jul-15	17-Jul-15	24-Jul-15	31-Jul-15	Total
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
Cash Flow from Operations																			
Receipts	1,557	-	-	345	-	-	-	-	115	-	-	-	115	-	-	-	-	115	2,247
Payroll & Employee Benefits	(380)	(573)	(377)	(389)	(365)	(285)	(580)	(113)	(532)	(113)	(708)	(13)	(416)	(220)	(594)	(13)	(356)	(59)	(6,086)
Termination & Severance	(90)	(226)	-	(295)	(177)	-	(254)	-	(69)	-	(48)	-	(77)	-	(39)	-	-	-	(1,275)
Utilities	(732)	(106)	(78)	(187)	(83)	(106)	(78)	(78)	(189)	(81)	(106)	(78)	(189)	(61)	(86)	(58)	(58)	(169)	(2,523)
Other Operating Disbursements	(638)	(405)	(115)	(717)	(185)	(194)	(220)	(676)	(531)	(210)	(346)	(590)	(431)	(265)	(444)	(532)	(190)	(346)	(7,035)
Operating Cash Flows	(283)	(1,310)	(570)	(1,243)	(810)	(585)	(1,132)	(867)	(1,206)	(404)	(1,208)	(681)	(998)	(546)	(1,163)	(603)	(604)	(459)	(14,672)
Restructuring Professional Fees	(115)	(1,880)	(273)	(685)	(335)	(273)	(273)	(273)	(283)	(348)	(273)	(273)	(283)	(348)	(273)	(273)	(273)	(283)	(7,017)
Projected Net Cash Flow	(398)	(3,190)	(843)	(1,928)	(1,145)	(858)	(1,405)	(1,140)	(1,489)	(752)	(1,481)	(954)	(1,281)	(894)	(1,436)	(876)	(877)	(742)	(21,689)
Beginning Cash Balance	47,602	47,204	44,014	43,171	41,243	40,098	39,240	37,835	36,695	35,206	34,454	32,973	32,019	30,738	29,844	28,408	27,532	26,655	47,602
DIP Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Net Cash Flow	(398)	(3,190)	(843)	(1,928)	(1,145)	(858)	(1,405)	(1,140)	(1,489)	(752)	(1,481)	(954)	(1,281)	(894)	(1,436)	(876)	(877)	(742)	(21,689)
Ending Cash Balance	47,204	44,014	43,171	41,243	40,098	39,240	37,835	36,695	35,206	34,454	32,973	32,019	30,738	29,844	28,408	27,532	26,655	25,913	25,913

Notes:

- [1] The purpose of this cash flow projection is to determine the liquidity requirements of the CCAA Parties during the forecast period.
- [2] Receipts in the week ending April 3rd include actual proceeds from the sale in April 2012 by Quinto Mining Corporation to a third party of certain mining claims. Forecast receipts for the balance of the forecast period include receipts pursuant to a lease of certain property which is subject to approval of the Court.
- [3] Forecast Payroll & Employee Benefits disbursements are based on actual payroll funding in the period leading up to the forecast period combined with scheduled reductions in staffing.
- [4] Termination & Severance disbursements are based on estimated amounts payable for past and future planned headcount reductions.
- [5] Forecast Utilities disbursements consist primarily of hydro costs to maintain the Bloom Lake operations on care and maintenance mode, and reflect current payment terms, rates and estimated consumption over the forecast period.
- [6] Forecast Other Operating Disbursements reflect actual payment trends observed in the weeks leading up to the forecast and reflect the current care and maintenance status of the Bloom Lake mine. The timing of Other Operating Disbursements are assumed to be cash on delivery.
- [7] Forecast Restructuring Professional Fees consist of legal and financial advisor fees associated with the CCAA proceedings based on estimates obtained from legal and professional advisors.

Appendix B

Publicly Available Terms of Investment Banker Engagements

SUMMARY OF FINANCIAL ADVISOR FEES IN RECENT RESTRUCTURING TRANSACTIONS

	Jurisdiction & Filing Date	Work Fee	Debt Restructuring Fee	Financing Fees	Sale / M&A Fees	Opinion Fee	Tail Period	Court-Ordered Charge
<u>Moelis & Company</u> (Veris Gold Corp.)	British Columbia – June 2014	\$100,000/month, with the exception of the second month, where fees increase to \$200,000 for one month, fully set off against transaction fees.	N/A	N/A	3% of transaction value (including assumption of debt) for one or more transactions. Minimum aggregate fee: \$ 2 million. 25% of any break fees received by company on an incomplete transaction. Additional “alternative transaction fees” in specified circumstances.	To be negotiated at later date	Agreement on transaction within <u>12 months</u> post-termination	Split charge: - First/Fourth. Transaction fees secured by fourth ranking charge

	Jurisdiction & Filing Date	Work Fee	Debt Restructuring Fee	Financing Fees	Sale / M&A Fees	Opinion Fee	Tail Period	Court-Ordered Charge
<u>Rothschild</u> (The Cash Store Financial Services Inc.)	Ontario – April 2014	\$125,000/month, partially set off against transaction fees	\$1,500,000	1% - 5% depending upon nature of financing and ranking of security (if any)	1.5% of aggregate consideration (including assumed debt). Additional consideration for returns (if any) to equity holders.	\$500,000	Agreement on transaction within <u>12 months</u> post-termination	First ranking. Note: Charge is limited to \$1,500,000 and must be shared by all professionals.
<u>Rothschild</u> (US Steel Canada Inc.)	Ontario – September 2014	\$200,000/month, subject to re-evaluation at later dates, partially set off against transaction fees.	\$5,500,000 payable on closing of a “Restructuring Transaction” or a Plan. A Restructuring Transaction could include elements of either a debt restructuring, re-financing or sale transaction. Intercompany transaction fees also contemplated, but only in the case of a transaction occurring outside of an insolvency proceeding.			To be negotiated at later date	Closing of transaction within <u>12 months</u> post-termination	Split charge – First/Fourth. Transaction fees secured by fourth ranking charge
<u>Ernst & Young Orenda Corporate Finance Inc.</u> (Poseidon Concepts Corp.)	Alberta April 2013	\$25,000/month, subject to set off against transaction fees	3% of transaction value (including assumed debt). Minimum: \$350,000	N/A	3% of transaction value (including assumed debt). Minimum: \$350,000	To be negotiated at later date	Closing of transaction within <u>18 months</u> post-termination	First ranking. Note: Charge limited to \$1,000,000 and must be shared by all professionals.

	Jurisdiction & Filing Date	Work Fee	Debt Restructuring Fee	Financing Fees	Sale / M&A Fees	Opinion Fee	Tail Period	Court-Ordered Charge
<u>Houlihan Lokey Capital, Inc.</u> <u>(Sino-Forest Corporation)</u>	Ontario April 2012	\$200,000/month	\$8,000,000	3% of debt financing raised 5% of equity/equity-linked financing raised Minimum, when aggregated with all other fees: \$8 million.	0.75%-1.25% of aggregate consideration (including assumed debt) Minimum, when aggregated with all other fees: \$8 million.	To be negotiated at later date	Agreement on transaction within <u>18 months</u> post-termination	First ranking. Note: Charge is limited to \$15,000,000 and must be shared by all professionals.
<u>CIBC World Markets Inc.</u> <u>(Great Basin Gold Ltd.)</u>	British Columbia September 2012	\$100,000/month, subject to partial set off against Sale Transaction Fees	0.75% of principal value of debt included in restructuring transaction, less any Sale Transaction Fees earned	N/A	1.25% of aggregate consideration (including assumed debt) Minimum: \$1.5 million	None	Agreement on transaction within <u>6 months</u> post-termination, subject to an increased tail period in the case of early termination.	Split charge – First/Fifth. First ranking for a maximum of \$1,000,000. Fifth ranking for all remaining amounts.