

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

---

**THIRTEENTH 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 “**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 Quebec (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 “**Wabush Filing Date**”), 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 November 6, 2015.
4. On April 17, 2015, Mr. Justice Hamilton J.S.C. granted an Order approving, as it relates to the Bloom Lake CCAA Parties, a sale and investor solicitation process (as may be amended from time to time, the “**SISP**”) involving the business and assets of the Bloom Lake CCAA Parties and the Wabush CCAA Parties (the “**SISP Order**”). The SISP was subsequently amended and restated to reflect the inclusion of the Wabush CCAA Parties in the CCAA Proceedings and approved *nunc pro tunc* as it relates to the Wabush CCAA pursuant to an Order granted June 9, 2015.
5. The CCAA Parties have filed a number motions initially returnable on November 5, 2015, including motions seeking the following:
  - (a) Approval of the Bunker C Fuel Transaction, as described in the Monitor’s Ninth Report;

- (b) Approval of the SMS Transaction, as described in the Monitor's Tenth Report;
  - (c) The granting of the Claims Procedure Order (the "**CPO**"), as described in the Monitor's Eleventh Report (the "**Claims Procedure Motion**");
  - (d) An extension of the Stay Period to January 29, 2016, as described in the Monitor's Twelfth Report (the "**Stay Extension Motion**");
6. To date, the Monitor has filed twelve reports in respect of various aspects of the CCAA Proceedings. The purpose of this, the Monitor's Thirteenth Report (this "**Report**"), is to provide additional information to the Court on the Notice of Objection filed in respect of the Stay Extension Motion by MFC Industrial Limited ("**MFC**") on November 2, 2015 (the "**MFC Objection**"), a copy of which is attached hereto as **Appendix A** for ease of reference.

#### **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. 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.
- 10. The Monitor has prepared this Report in connection with the Stay Extension Motion. The Report should not be relied on for other purposes.
- 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.

#### **THE MFC OBJECTION**

- 12. As the Court is aware, MFC is the lessor under an amendment and consolidation of mining leases between Canadian Javelin Limited (now MFC) and WICL dated September 2, 1959, as amended (the "**Wabush Sublease**"), pursuant to which WICL and WRI hold their sub-leasehold interest in the Wabush mine property.

13. The Wabush Sublease contains certain termination rights in favour of MFC, defined as the Reversionary Rights in the MFC Objection, in the event that of payment defaults under the Wabush Sublease. In addition, the Wabush Sublease provides certain rights to acquire assets, though such rights arise only in the event that the Wabush Sublease is terminated pursuant to the Reversionary Rights (the “**Purchase Rights**”). As described in the Monitor’s Twelfth Report, there is a dispute as to whether the Wabush CCAA Parties are in default of the Minimum Royalty Payment obligation under the Wabush Sublease. The Wabush Sublease has not been terminated, either pursuant to the Reversionary Rights or otherwise. Accordingly, the Purchase Rights have not, at this time, been triggered and remain contingent in nature.
14. The Monitor believes that it is appropriate that the Court be made aware of correspondence and exchanges between MFC, the Wabush CCAA Parties and the Monitor in order to provide additional context that might be relevant in the consideration of the MFC Objection.
15. MFC, the Wabush CCAA Parties and the Monitor have been in correspondence. Copies of the correspondence commencing September 3, 2015, are attached hereto as **Appendices B to J** and can be summarized as follows:
  - (a) MFC has requested certain information with respect to the assets of the Wabush CCAA Parties;
  - (b) MFC were invited, but declined, to participate in the SISP;
  - (c) The Wabush CCAA Parties are prepared to provide information to MFC either pursuant to an existing confidentiality agreement<sup>1</sup> which continues to be binding on MFC, or pursuant to a new confidentiality agreement; and

---

<sup>1</sup> Confidentiality agreement dated November 18, 2013 and amended June 11, 2014, signed in connection with previous discussions regarding a potential transaction for the sale of the Wabush mine to MFC

- (d) MFC refuses to accept information under the terms of any confidentiality agreement.
16. The Monitor understands that there is a long history of litigation between MFC and the Wabush CCAA Parties. Indeed on a telephone conversation that took place between MFC, the Monitor and their respective counsel on October 6, 2015, Mr. Michael Smith, Managing Director of MFC, stated that MFC had been in litigation with the Wabush CCAA Parties for fifteen years.
  17. The SISP provides that interested parties execute a non-disclosure agreement in order to gain access to information. None of the interested parties that participated in the SISP refused to sign a non-disclosure agreement. The Monitor is of the view that the requirement that the information requested be subject to a confidentiality agreement is not unreasonable in the circumstances.
  18. Furthermore, the Monitor is concerned that MFC's continued insistence that information be provided on a non-confidential basis, having previously been given access to a data room under a confidentiality agreement, might suggest that MFC is considering using the information for purposes other than evaluating a possible transaction with the Wabush CCAA Parties, which is the sole purpose permitted under the confidentiality agreement.
  19. The MFC Objection suggests that there has been a lack of cooperation and transparency on the part of the Wabush CCAA Parties with regards to the advancement of the SISP and reluctance on the part of the Wabush CCAA Parties to provide information requested by MFC. The Monitor does not believe either to be the case.

20. The MFC Objection states that MFC has learned “thru locals” that the Wabush CCAA Parties were preparing to dispose of moveable assets. The MFC Objection omits the fact that the Monitor informed MFC on October 6, 2015, that the Wabush CCAA Parties were in the process of endeavouring to negotiate definitive documents for the sale, subject to Court approval, of equipment located at the Wabush Mine.
21. The MFC Objection state that MFC has sought clarifications regarding the advancement of the SISP on various occasions. No such requests have been made to the Monitor and the Wabush CCAA Parties have also informed the Monitor that they have received no such requests from MFC.

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

Dated this 5<sup>th</sup> day of November, 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,  
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

Steven Bissell  
Managing Director



---

# **Appendix A**

---

## **The MFC Objection**

**CANADA**

**PROVINCE OF QUÉBEC**  
District of Montréal

**N° : 500-11-048114-157**

**SUPERIOR COURT**

(Commercial division)

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

---

**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;**

---

BCF LLP

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.;**

Monitor

-and-

**MOELIS & COMPANY LLC**

Mise-en-cause

-and-

**MFC INDUSTRIAL LTD.**

400 Burard Street, Suite 1860, Vancouver  
(BC), V6C 3A6

Objecting Party

---

**NOTICE OF OBJECTION BY MFC INDUSTRIAL LTD TO  
THE MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING  
THE STAY PERIOD**

(paragraph 57 of the Wabush Initial Order)

---

**TO THE HONORABLE JUSTICE STEPHEN W. HAMILTON, J.S.C. OF THE  
SUPERIOR COURT SITTING IN THE COMMERCIAL DIVISION FOR THE  
DISTRICT OF MONTREAL, THE OBJECTING PARTY, MFC INDUSTRIAL LTD.  
RESPECTFULLY SUBMITS:**

1. MFC Industrial Ltd ("**MFC**") files this Notice of Objection in order to be allowed to make representations to the Court regarding *Petitioners' Motion for the issuance of an Order Extending the Stay Period*, dated October 23, 2015 (the "**Motion**");
2. MFC believes that certain relevant facts should reiterated and be taken into consideration by the Court when deciding if the Wabush CCAA Parties should benefit from an extension of the stay period;

---

**BCF LLP**

3. More particularly, MFC believes that the lack of cooperation and transparency of the Wabush CCAA Parties with regards to the advancement of the SISP as far as Wabush assets are concerned and the reluctance of the Wabush CCAA Parties to provide simple information when asked to do so are factors that the Court must take into consideration before granting any extension of the stay period as far as the Wabush CCAA Parties are concerned;
4. Other creditors have also raised the lack of relevant information at hearings before this Court or even filed Motions requiring further information in the case of Bloom Lake Parties;
5. MFC's objection should be viewed in the context that its contractual rights with regards to certain of the Wabush Assets were specifically preserved by the Order issued by this Court on June 9, 2015;
6. As clearly appears from said Order, the rights of MFC were recognized and protected, pending further developments in the file and subject to further debate between the parties if necessary;
7. MFC's contractual rights are detailed at paragraphs 15 to 20 of the Notice of Objection filed on June 5, 2015 as well as in Exhibits O-3 to O-12 filed in support of same, the whole as appears from the Court Record;
8. MFC is the lessor under an amendment and consolidation of mining leases between Canadian Javelin Limited and Wabush Iron Co. Limited ("**WIC**") dated September 2, 1959, as amended (the "**Wabush Sublease**"), pursuant to which WIC and Wabush Resources Inc. (collectively, the "**Wabush JV**") hold their sub-leasehold interest in the Wabush mine property;
9. The Wabush Sublease expires in 2055, but may be earlier terminated in certain events with the mine property reverting to MFC, including (the "**Reversionary Rights**"), among others:
  - a. by MFC pursuant to Clause C(4) of the Wabush Sublease, if any of the rents or royalties or any part thereof payable by it thereunder are in arrears for 30 days or if any covenant or condition contained therein shall not have been duly performed or observed by WIC, upon MFC providing WIC 60 days' written notice that such rents and royalties have not been paid and demanding payment thereof or that any covenant or condition has not been performed or observed and WIC fails to make such

payment or perform or observe such covenant within such period of notice; and

- b. by WIC pursuant to Clause C(1) of the Wabush Sublease if WIC provides sixty days' notice in writing to that effect;

10. In the event that Wabush Sublease is terminated pursuant to the Reversionary Rights, Clause C(3) of the Wabush Sublease provides MFC the right to acquire the Wabush mine infrastructure and related property at their "reasonable market price" (the "**Purchase Rights**") as follows:

*"That it shall be lawful for the Lessee to remove all buildings, plan, machinery and all articles and things of the Lessee in and upon or under the Demised Premises at any time within six (6) months after the determination of the tenancy; provided that the Lessor shall have the right by notice in writing to the Lessee to purchase all or any part of the said properties, articles and things at the then reasonable market price, to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided."*

11. It has come to MFC's attention, thru locals, that Wabush JV was getting ready to dispose of substantial movable assets which would be required by any party wishing to continue operating Wabush Mine;
12. The twelfth report to the Court submitted by FTI Consulting Inc. (the "**Monitor**") dated October 27, 2015 (the "**12<sup>th</sup> Monitor's Report**"), mentions in that discussions are ongoing regarding the sale of Wabush movable assets without providing any details;
13. On various occasions MFC has sought clarifications from the Wabush CCAA Parties regarding the advancement of the SISP process concerning the Wabush mine property subject to MFC's contractual rights and also regarding the nature of the assets being offered for sale;
14. The 12<sup>th</sup> Monitor's Report (par 36) acknowledges for the first time that no offers were received for Wabush Mine;

15. No information has been provided as to whether any of the proposals received by the Monitor involve the sale of movable property that could be considered attached to the property under Newfoundland and Labrador Law and therefore potentially subject of MFC's Purchase Rights under the Wabush Sublease;
16. It has always been MFC's position that any sale or liquidation involving the assets underlying MFC's Purchase Rights would be contrary to the Wabush Sublease and its rights thereunder;
17. Additionally, as Clause C(3) in the Wabush sublease provides that under the Purchase Rights, MFC would acquire the assets at the "then reasonable market price", the exercise of such rights by MFC would likely result in greater proceeds than any liquidation proposal and, therefore, would be in the best interests of all stakeholders;
18. Given that little detail has been provided by the CCAA Parties and the monitor regarding current activities at the Wabush mine property and details of any offers or liquidation proposals affecting the property and assets underlying the Reversionary Rights and the Purchase Rights, MFC cannot currently support the Motion as far as the Wabush CCAA Parties are concerned;
19. Based on the foregoing, MFC believes that the Motion, as far as the Wabush Parties are concerned should not be granted and that any further delays risk making the possibility for any party interested in purchasing the mining assets and re-opening the mine futile because the competent workforce will have moved away from the region having lost all hope due to the length and secrecy of the process;
20. The filing of the Notice of Objection is contemplated by paragraph 57 of the Wabush Initial Order as well as paragraph 23 of the Motion;
21. The undersigned attorneys have only received instructions to proceed with the filing of this Notice of Contestation on November 1, 2015 and therefore petition the court to relieve MFC of the default of filing by October 30, 2015 on the basis that the Wabush parties or any other party will not suffer any prejudice from the belated service and filing of this Notice of Contestation;
22. MFC reserves its rights to make further representations and to raise additional arguments at the hearing of the Motion;

**FOR THE REASONS SET FORTH ABOVE, MAY IT PLEASE THE COURT TO:**

**RELIEVE** MFC Industrial ltd from its default of filing a Notice of Contestation by October 30, 2015 at 5:00 p.m. and consequently **EXTEND** the delay to serve and file this Notice of Contestation;

**RECEIVE** this Notice of Objection and **ALLOW** MFC Industrial Ltd. to make representations regarding Petitioners' Motion for the issuance of an Order Extending the Stay Period;

**DISMISS** the Motion for the Issuance of an Order Extending the Stay Period as far as the Wabush CCAA parties are concerned;

**THE WHOLE** with costs, save and except in case of contestation;

**MONTREAL**, this 2<sup>nd</sup> day of November 2015

*BCF LP*

---

**BCF LLP**

ATTORNEYS FOR OBJECTING PARTY  
MFC INDUSTRIAL LTD.

**NOTICE OF PRESENTATION**

TO: Service List

**TAKE NOTICE** that the present *Notice of objection and contestation in respect of the Motion for the issuance of an order extending the stay period*, will be presented for adjudication before the Honourable Stephen W. Hamilton, J.S.C., or another of the Honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montreal, in the Montreal Courthouse located at 1, Notre-Dame Est, Montreal, Quebec, on November 5, 2015 at a time and in a room to be determined..

**DO GOVERN YOURSELVES ACCORDINGLY.**

**Montreal**, this 2<sup>nd</sup> day of November, 2015

*BCF LLP*

BCF LLP, attorneys for MFC Industrial Ltd.



No.: 500-11-048114-157

**SUPERIOR COURT. PROVINCE OF QUÉBEC .  
DISTRICT OF MONTREAL**

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

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

Petitioners

-and-

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

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

and-

**MOELIS & COMPANY LLC**

Mise-en-cause

- and -

**MFC INDUSTRIAL LTD.**

Objecting Party

**NOTICE OF OBJECTION BY MFC INDUSTRIAL LTD TO THE  
MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING  
THE STAY PERIOD AND NOTICE OF PRESENTATION**

ORIGINAL

**Me Gary Rivard**

**Our file: 39724.1**



**1100 René-Lévesque Blvd. West, 25<sup>th</sup> Floor  
MONTREAL, QUÉBEC, CANADA  
H3B 5C9  
Tel: (514) 397-6838  
Fax: (514) 397-8515**

**BB 7462**

---

# **Appendix B**

---

**Letter from MFC Dated September 3, 2015**



**MFC INDUSTRIAL LTD.**

A Global Commodity Supply Chain Company

September 3, 2015

Mr. Clifford T. Smith  
Executive Vice President, Business Development  
Cliffs Natural Resources Inc.  
200 Public Square, Suite 3300  
Cleveland, Ohio 44114  
U.S.A.

By courier, email and registered post

Re: Wabush Joint Venture

Dear Mr. Smith

Enclosed is a **Notice of Default** for under the amendment and consolidation of mining leases between Wabush Iron Co. Ltd. (Wabush Iron) and us dated September 2, 1959 respecting the Scully Mine (Wabush) and ancillary assets. As mentioned in the enclosed notice, we acknowledge that various of our rights, including the termination of the lease, may be subject to the prior lifting of the stay of proceedings ordered by the Honourable Mr. Justice Hamilton of the Superior Court of Quebec dated May 20, 2015 and related proceedings under the Companies' Creditors Arrangement Act involving Wabush Iron and related entities.

In reference to your recent email and possible sale of assets located at Wabush and elsewhere, I can confirm that we are very interested in buying the assets that are related to the Wabush mine. In connection therewith, and in order for us to properly consider a potential transaction, we ask that you provide the following information:

- a list of the assets that are available for sale and a general description thereof, including confirmation that the following are included:
  - the equipment comprising the Manganese reduction lines (whether on or off the mine site);
  - real property held in the Town of Wabush, including employee housing; and
  - the pelletizing plant located at the Port of Sept-Îles;
- details and copies of current reclamation plans and environmental assessments;

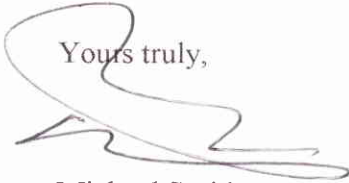
- information regarding current ownership of the subject assets;
- your current pricing expectations for such assets;
- the appropriate contact person for additional discussions and information requests; and
- your expected timeline for a transaction.

We are the only qualified buyer for these assets, other than the scrap dealers. As a result, we do not believe that there is any need for a new confidentiality agreement between us.

We expect that, within seven days of receipt of the above-requested information, we will be in a position to identify specific assets we are interested in acquiring, along with additional information regarding a potential offer, including a timeline for same.

Look forward to working with you.

Yours truly,



Michael Smith  
Managing Director



**MFC INDUSTRIAL LTD.**

A Global Commodity Supply Chain Company

Suite 1860 - 400 Burrard Street,  
Vancouver, BC, Canada V6C 3A6  
T: (604) 683 8286  
F: (604) 683 3205

September 3, 2015

**VIA COURIER, EMAIL AND REGISTERED POST**

CLIFFS NATURAL RESOURCES INC.  
200 Public Square, Suite 3300  
Cleveland, Ohio  
U.S.A 44114-2315

WABUSH IRON CO. LIMITED  
WABUSH RESOURCES INC.  
200 Public Square, Suite 3300  
Cleveland, Ohio  
U.S.A 44114-2315

**Attention: Clifford Smith**

Dear Sirs:

**Re: Amendment and Consolidation of Mining Leases entered into as of September 2, 1959, as amended from time to time, between Wabush Iron Co. Limited ("Wabush Iron") and Canadian Javelin Limited (the "Sub-Lease")**

---

As you are aware, a quarterly minimum royalty payment was due from Wabush Iron to us on July 25, 2015 pursuant to Clause A(1) of the Sub-Lease (the "**Minimum Payment**"). This letter serves as notice pursuant to Clause C(4) of the Sub-Lease that the full amount of such Minimum Payment has not been paid to date and has been in arrears for more than 30 days as of the date hereof. Pursuant to Clause C(4) of the Sub-Lease, MFC hereby demands full payment of the prescribed Minimum Payment. If such default is not cured, we reserve our rights to pursue all such remedies as may be available to us, including the termination of the Sub-Lease, which may be subject to the prior lifting of the stay of proceedings ordered by the Honourable Mr. Justice Hamilton of the Superior Court of Quebec dated May 20, 2015 and related proceedings under the Companies' Creditors Arrangement Act involving Wabush Iron and related entities.

Regards,

**MFC INDUSTRIAL LTD.**

By: 

Michael Smith  
Managing Director

---

# **Appendix C**

---

**Letter from Wabush CCAA Parties Dated September 10, 2015**

# **Wabush Mines**

Wabush Mines Joint Venture  
1155 Rue University, Suite 508  
Montreal, Quebec  
H3B 3A7

September 10, 2015

VIA EMAIL

## **MFC Industrial Ltd.**

400 Burrard Street, Suite 1860  
Vancouver, BC V6C 3A6

Attention: Michael J. Smith

RE: 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 and Wabush Resources Inc., as 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, as Mises-en-Cause, File No. 500-11-048114-157 (collectively, the "**Wabush CCAA Parties**")

Re: Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited (now MFC Industrial Ltd. ("**MFC**")) and Wabush Iron dated as of September 2, 1959 as amended, restated, supplemented or modified from time to time

Dear Sir:

We are in receipt of your letter dated September 3, 2015 (the "**September 3 Letter**") confirming that MFC is interested in buying assets that are related to Wabush Mine and requesting certain information for MFC to consider a potential transaction regarding same.

We are pleased that MFC has expressed an interest in acquiring the assets previously pursued and expect that any offer from MFC would be within the range of the contemplated purchase price of 2014.

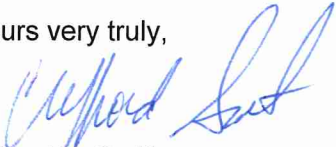
As you may be aware, Moelis & Company LLC ("**Moelis**"), led by Carlo De Girolamo, is acting as sale advisor to the Wabush CCAA Parties. Mr De Girolamo will be arranging for disclosure of the information you have requested. Mr. De Girolamo may be reached at the following email address: [carlo.degirolamo@moelis.com](mailto:carlo.degirolamo@moelis.com).

Please note that MFC continues to be bound by the terms of the existing confidentiality agreement dated November 18, 2013, as amended on June 11, 2014 (and as may be further amended, restated or supplemented from time to time). Therefore, any documentation and information disclosed to MFC by Moelis and otherwise by or on behalf of the Wabush CCAA Parties in connection with the Wabush Mine assets are subject to the terms contained therein.

The Wabush CCAA Parties continue to review all of their options with respect to the Wabush Mine assets but time is of the essence. Your September 3 Letter indicates that MFC would be in a position to identify specific assets that MFC is interested in acquiring, along with additional information concerning a potential

offer, including a timeline for the same, within seven days of receipt of the requested information from Moelis. We look forward to hearing from you within that timeline.

Yours very truly,



Clifford T. Smith  
Executive Vice President  
Cliffs Mining Company as managing agent of Wabush Mines

c: Nigel Meakin, FTI Consulting Canada Inc. in its capacity as Monitor, *by email*  
Gary Rivard, BCF Law, *by email*  
Harjit Sangra, Sangra Moller LLP, *by email*



---

# **Appendix D**

---

**Letter from MFC Dated September 19, 2015**



**MFC INDUSTRIAL LTD.**

A Global Supply Chain Company

September 19, 2015

Mr. Clifford T. Smith  
Executive Vice President, Business Development  
Cliffs Natural Resources, Inc.  
200 Public Square, Suite 3300  
Cleveland, Ohio 44114

Dear Mr. Smith:

**Re: Wabush Mine/Assets**

In the current circumstances, we believe we are the only qualified, strategic and sincere buyer for the above assets. As a result, we have previously requested and hereby repeat our request for you to agree to a very simple process upon which we can mutually proceed.

To this end, I ask that you please provide the following information:

- list of the assets that are for sale with details and a general description also include the following specific assets:
  - the equipment comprising the Manganese reduction lines (whether on or off the mine site);
  - real property held in the Town of Wabush, including employee housing;
  - the pelletizing plant located at the Port of Sept-Îles; and
  - details and copies of current reclamation plan and environmental assessment;
- information regarding current ownership of the subject assets;
- your current pricing expectations for such assets;
- the appropriate contact person for additional discussions and information requests; and
- your expected timeline for a transaction.

We expect that, within seven days of receipt of the above-requested information, we would be in a position to identify the specific assets we are interested in acquiring and a timeline for a proposal.

**Please note we have no information on the subject assets. At your request, we previously destroyed all materials obtained in reference to these assets in our prior discussions.**

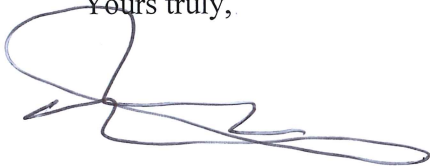
We also understand from your advisors and employees that we are the **only** qualified buyer for the Wabush assets.

In the current circumstances, a complex, rigid process with further hurdles, preliminary agreement, etc. are not in either of our interests, inhibits a potential transaction and discourages us from making a proposal

Cliff, let's just get on with the matter and do the business.

I look forward to working with you.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Michael Smith', with a large, stylized flourish extending to the right.

Michael Smith  
Managing Director

cc: Nigel Meakin, FTI Consulting Canada Inc  
Gary Rivard, BCF Law  
Harjit Sangra, Sangra Moller LLP

---

# **Appendix E**

---

**Letter from Wabush CCAA Parties Dated September 23, 2015**

# **Wabush Mines**

Wabush Mines Joint Venture  
1155 Rue University, Suite 508  
Montreal, Quebec  
H3B 3A7

September 23, 2015

VIA EMAIL

**MFC Industrial Ltd.**  
400 Burrard Street, Suite 1860  
Vancouver, BC V6C 3A6

Attention: Michael J. Smith

RE: 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 and Wabush Resources Inc., as 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, as Mises-en-Cause, File No. 500-11-048114-157 (collectively, the "**Wabush CCAA Parties**")

Re: Amendment and Consolidation of Mining Leases made between Canadian Javelin Limited (now MFC Industrial Ltd. ("**MFC**")) and Wabush Iron dated as of September 2, 1959 as amended, restated, supplemented or modified from time to time

Dear Sir:

We are in receipt of your letter dated September 19, 2015 (the "**September 19 Letter**") re-confirming that MFC is interested in buying assets that are related to Wabush Mine and requesting certain information for MFC to consider a potential transaction regarding same.

In order to most efficiently address the requests for information in your September 19 Letter, we are willing to grant the MFC team access to the electronic data room established by the Wabush CCAA Parties, which currently includes information addressing each of the specific assets identified in your September 19 Letter (the "**Data Room**").

As noted in our September 10, 2015 letter to you, Data Room access would be provided on the understanding that MFC continues to be bound by the terms of the existing confidentiality agreement dated November 18, 2013, as amended on June 11, 2014 (and as may be further amended, restated or supplemented from time to time). Therefore, any documentation and information disclosed to MFC by way of the Data Room or otherwise by or on behalf of the Wabush CCAA Parties in connection with the Wabush Mine assets are subject to the terms contained therein.

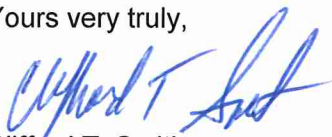
If you share our understanding and approach, please provide the contact information for the individuals you wish to have access to the Data Room on behalf of MFC.

We understand from your September 19 Letter that, within 7 days of gaining access to the Data Room, MFC expects to identify the Wabush Mine assets that MFC proposes to acquire. Once MFC identifies the assets

it is interested in acquiring, and provided the Wabush CCAA Parties confirm such assets remain available for sale, then the parties would negotiate an appropriate price for such assets.

We look forward to hearing from you soon.

Yours very truly,



Clifford T. Smith  
Executive Vice President  
Cliffs Mining Company as managing agent of Wabush Mines

cc: Nigel Meakin, FTI Consulting Canada Inc. in its capacity as Monitor, *by email*  
Gary Rivard, BCF Law, *by email*  
Harjit Sangra, Sangra Moller LLP, *by email*

---

# **Appendix F**

---

**Letter from MFC Dated September 29, 2015**



**MFC INDUSTRIAL LTD.**

A Global Supply Chain Company

September 29, 2015

Mr. Clifford T. Smith  
Executive Vice President, Business Development  
Cliffs Natural Resources, Inc.  
200 Public Square, Suite 3300  
Cleveland, Ohio 44114

Dear Mr. Smith:

**Re: Wabush Mine/Assets**

**I again repeat.**

In the current circumstances, we believe we are the only qualified, strategic and sincere buyer for the assets. As a result, we have previously requested and hereby repeat our request for you to agree to a very simple process.

To this end, I ask that you please provide the following information:

- list of the assets that are for sale with details and a general description also include the following specific assets:
  - the equipment comprising the Manganese reduction lines (whether on or off the mine site);
  - real property held in the Town of Wabush, including employee housing;
  - the pelletizing plant located at the Port of Sept-Îles; and
  - details and copies of current reclamation plan and environmental assessment;
- information regarding current ownership of the subject assets;
- your current pricing expectations for such assets;
- the appropriate contact person for additional discussions and information requests; and
- your expected timeline for a transaction.

c/o Suite 803, 8/FI, Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR  
Tel: (852) 2840 1230 Fax: (852) 2840 1260



As previously advised, we expect that, within seven days of receipt of the above-requested information, we would be in a position to identify the specific assets we are interested in acquiring and a timeline for a proposal.

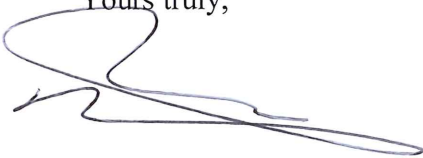
**Please note we have no information on the subject assets. At your request, we previously destroyed all materials obtained in reference to these assets in our prior discussions.**

We do not require you to grant us any access to your data room, just answer the questions and provide the specific documents and so we can get this underway.

All materials will not be accepted under any old or new confidential agreement. We will not let you tie our hands again.

**Please decide if you want us to proceed or just say no.**

Yours truly,

A handwritten signature in blue ink, appearing to read 'Michael Smith', with a long horizontal flourish extending to the right.

Michael Smith  
Managing Director

cc: Nigel Meakin, FTI Consulting Canada Inc  
Gary Rivard, BCF Law  
Harjit Sangra, Sangra Moller LLP

---

# **Appendix G**

---

**Letter from MFC Dated October 20, 2015**



**MFC INDUSTRIAL LTD.**

A Global Supply Chain Company

Oct. 20, 2015

Mr. Nigel Meakin  
FTI Consulting Canada Inc  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, Toronto  
Ontario M5K 1G8  
Canada

Dear Mr. Meakin:

The purpose of this letter is to confirm our recent conversation where you advised there are several buyers for the Wabush assets and that we were not qualified or permitted to try to purchase such assets unless we first sign an agreement with Cliffs where all the information on these Wabush assets (which are not yet even identified) will be kept strictly confidential for an extensive period of time.

As advised, we believe that any such agreement which imposes strict restrictions upon us would be detrimental to our re-opening the mine and improperly provide Cliffs with an ongoing role in the future of the mine.

We trust you appreciate that the re-opening of the mine is of critical importance to the workers and citizens of Wabush, the local and provincial governments and other stakeholders. Its closure has caused significant problems for numerous of such stakeholders and we believe the process should properly try to accommodate their concerns and not just those of Cliffs.

As a result and to try to find a compromise solution, you will note we requested a very simple process and the provision of very basic information which is neither confidential nor proprietary, as follows:

- a list of all the assets that are for sale with details and a general description also include the following specific assets:
  - the equipment comprising the Manganese reduction lines (whether on or off the mine site);
  - real property held in the Town of Wabush, including employee housing;

- o the pelletizing plant located at the Port of Sept-Îles; and
- o details and copies of current reclamation plan and environmental assessment (this has already been provided to regulatory authorities);
- information regarding current ownership of the subject assets;
- your current pricing expectations for such assets;
- the appropriate contact person for additional discussions and information requests; and
- your expected timeline for a transaction.

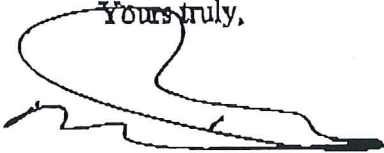
As previously advised, we have no information on any subject assets as, at Cliffs' prior demand, we previously destroyed all such materials.

You stated that our suggested kind of simple process with the provision of basic information which surely cannot be confidential or proprietary is just not done in CCAA proceedings and you only have the ability to proceed with your process.

We advised that we currently are not prepared to be bound to Cliffs again in any new restrictive agreement as none of the assets are proprietary.

We will consider this letter to be correct unless you clearly state contrary reasons in five (5) business days.

Yours truly,



Michael Smith  
Managing Director

cc: Clifford Smith, Cliffs Natural Resources, Inc.  
Gary Rivard, BCF Law  
Harjit Sangra, Sangra Moller LLP

[00149302.2]

c/o Suite 803, 8/F, Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR  
Tel: (852) 2840 1230 Fax: (852) 2840 1260

---

# Appendix H

---

**Letter from the Monitor Dated October 22, 2015**



Corporate Finance  
TD South Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8  
T: 416.649.8100  
F: 416.649.8101  
fticonsulting.com

October 22, 2015

By email

MFC Industrial Ltd.

Attention: Mr. Michael Smith  
Managing Director

**Re: Wabush Mines (the “Company”)**

Dear Mr. Smith,

We are in receipt of your letter dated October 20, 2015 in respect of the telephone conversation that took place on October 6, 2015 between yourself, your counsel Harjit Sangra, the undersigned and Sylvain Rigaud of Norton Rose Fulbright LLP, counsel to the Monitor.

Your letter is not a correct characterization of the telephone conversation and is factually incorrect with regard to many of the statements which you assert were made, including, without limitation, your assertion that the Monitor stated that there are several buyers for the Wabush assets and that you were not qualified or permitted to make an offer for the assets unless you first sign a non-disclosure agreement. Furthermore, we do not see how the execution of a non-disclosure agreement could be detrimental to the possibility of the mine being reopened or how it could “improperly provide Cliffs with an ongoing role in the future of the mine”.

What the Monitor did say was that MFC was not the only party with an interest in the acquisition of the equipment located at Wabush Mine and that there were options available to the Company to realize on those assets in the event that MFC was not prepared to participate in the process and provide an offer for the assets. The Monitor further informed you that it was the Company’s intention to proceed with the negotiation of definitive documents for the sale of those assets if MFC did not wish to participate in the process or did not proceed diligently to do so. It was also made clear that arrangements could be made for you to visit the site if you wanted to view the assets available and that you were free to submit an offer even if you did not wish to be bound by a non-disclosure agreement, which was only required in order to obtain access to additional information which would be available to you in the data room.



You have been provided every opportunity to participate in the sales and solicitation process approved by the Court (the “SISP”) and to obtain information which the Company is prepared to make available on a confidential basis. You were asked to sign a non-disclosure agreement in order to be given access to information and have refused to do so. You have been informed that the Company would make that information available to you pursuant to the existing confidentiality agreement dated November 18, 2013, as amended June 11, 2014, by which you continue to be bound, but you stated that information would not be accepted under that agreement both in our telephone conversation and in a letter dated September 29, 2015.

Your refusal to recognize that you are bound by existing confidentiality arrangements or, if you prefer, to execute a new non-disclosure agreement in order to be provided access to the confidential data room is not reasonable and is contrary to the provisions of the SISP.

You stated on the call that you were not prepared to participate in the process that has been approved by the Court or in any process with rules set by the Monitor or the Company. The Company is proceeding with its efforts to negotiate a definitive agreement for the sale of certain of the Wabush assets. If and when finalized, the Company will seek the Court’s approval of such sale. Your counsel is on the service list for the CCAA proceedings and will be served with any such motion.

Yours very truly,

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

A handwritten signature in blue ink, appearing to read "N. Meakin".

Nigel D. Meakin  
Senior Managing Director

c.c. Mr. Cliff Smith, Wabush Mines  
Mr. Steve Weisz, Blake, Cassels & Graydon LLP  
Mr. Sylvain Rigaud, Norton Rose Fulbright LLP  
Mr. Gary Rivard BCF Law  
Mr. Harjit Sangra, Sangra Moeller LLP

---

# **Appendix I**

---

**Letter from MFC Dated October 28, 2015**





**MFC INDUSTRIAL LTD.**

A Global Supply Chain Company

October 28, 2015

Mr. Nigel Meakin  
FTI Consulting Canada Inc.  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, Toronto  
Ontario M5K 1G8  
Canada

Dear Mr. Meakin:

We are in receipt of your letter dated October 22, 2015. With respect, we disagree with your characterization of the October 6, 2015 telephone conversation among you, Sylvain Rigaud, Harjit Sangra of Sangra Moller LLP and the undersigned.

During the conversation you clearly stated that there existed several potential purchasers for the Wabush assets. Despite the position you take in your letter, you did not limit this statement to equipment located at the Wabush mine or reference potential options outside of the existing sales process you have established.

We reiterate our position that we would be in a position to submit an offer upon being provided with the basic information requested by us on several occasions regarding what assets are available for sale. We do not believe this information is confidential or proprietary in nature and do not understand your continuing refusal to provide the same, especially given that we are the most logical potential purchaser of the Wabush assets.

Yours truly,

Michael Smith  
Managing Director

cc: Clifford Smith, Cliffs Natural Resources, Inc.  
Gary Rivard, BCF Law  
Harjit Sangra, Sangra Moller LLP

---

# **Appendix J**

---

**Letter from the Monitor Dated October 29, 2015**



Corporate Finance  
TD South Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8  
T: 416.649.8100  
F: 416.649.8101  
fticonsulting.com

October 29, 2015

By email

MFC Industrial Ltd.

Attention: Mr. Michael Smith  
Managing Director

**Re: Wabush Mines (the “Company”)**

Dear Mr. Smith,

We are in receipt of your letter dated October 28, 2015 and we respectfully disagree with the statements and assertions made therein.

You have been provided every opportunity to participate in the sales and solicitation process approved by the Court but have chosen not to do so. As you have already been informed, if you wish to obtain information in respect of the assets of the Company, the Company is prepared to make such information available under the terms of the existing confidentiality agreement dated November 18, 2013, as amended June 11, 2014 (the “CA”), by which you continue to be bound. If you wish to obtain information on that basis, please provide the email addresses of the individuals whom you wish to have access to the information.

Your continued insistence that information be provided to you on a non-confidential basis might suggest that you intend to use such information for purposes other than evaluating a possible transaction between you and the Company, which is the purpose permitted under the CA. If that is not the case, there is simply no reason for you to refuse to receive the information pursuant to the CA. Furthermore, we would note that no other potentially interested party has had any complaint about the requirement for a confidentiality agreement.

If you wish to visit the Wabush Mine site, we would be happy to co-ordinate arrangements with the Company for you to do so.

If you wish to submit an offer for assets of the Company please do so. In the meantime, the Company is proceeding with its efforts to negotiate a definitive agreement for the sale of certain of the Wabush assets.



If and when finalized, the Company will seek the Court's approval of such sale. Your counsel is on the service list for the CCAA proceedings and will be served with any such motion.

Yours very truly,

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

A handwritten signature in blue ink, appearing to read "N. Meakin".

Nigel D. Meakin  
Senior Managing Director

c.c. Mr. Cliff Smith, Wabush Mines  
Mr. Steve Weisz, Blake, Cassels & Graydon LLP  
Mr. Sylvain Rigaud, Norton Rose Fulbright LLP  
Mr. Gary Rivard BCF Law  
Mr. Harjit Sangra, Sangra Moeller LLP