

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

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

---

N<sup>o</sup>: 500-11-048114-157

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

**BLOOM LAKE GENERAL PARTNER LIMITED**

**QUINTO MINING CORPORATION**

**8568391 CANADA LIMITED**

**CLIFFS QUEBEC IRON MINING ULC**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP**

**BLOOM LAKE RAILWAY COMPANY LIMITED**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

---

**PETITIONERS' MOTION FOR AN ORDER EXTENDING THE STAY PERIOD  
AND AMENDING THE INITIAL ORDER**  
(Section 11 ff. of the *Companies' Creditors Arrangement Act*)

---

**TO THE HONOURABLE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONOURABLE  
JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE  
DISTRICT OF MONTREAL, THE PETITIONERS AND THE MISES-EN-CAUSE SUBMIT:**

**1. BACKGROUND**

1. On January 27, 2015, the Honourable Justice Martin Castonguay, J.S.C., issued an Initial order (the "**Initial Order**")<sup>1</sup> commencing these proceedings (the "**CCAA**")

---

<sup>1</sup> Except as otherwise provided for herein, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in Initial Order.

**Proceedings**) pursuant to the *Companies' Creditors Arrangement Act* (the "**CCA**") in respect of the Petitioners and the Mises-en-cause (collectively, the "**CCA Parties**"), as appears from the Initial Order communicated herewith as **Exhibit R-1**.

2. Pursuant to the Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor of the CCA Parties (the "**Monitor**") (para. 39 of the Initial Order) and a stay of proceedings was granted until February 26, 2015 (the "**Stay Period**") (para. 8 *ff.* of the Initial Order).
3. The Initial Order also provided for the creation of certain charges over the Property of the CCA Parties, which, pursuant to paragraph 46 of the Initial Order, rank as follows:
  - a) first, the Administration Charge for an aggregate amount \$2,500,000; and
  - b) second, the Directors' Charge for an aggregate amount of \$3,500,000.(collectively, the "**CCA Charges**").
4. Each of the CCA Charges rank behind any and all other existing hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind affecting the Property (collectively, the "**Encumbrances**") in favour of any persons that have not been served with notice for the Motion seeking the Initial Order (para. 47 of the Initial Order).
5. Paragraph 47 of the Initial Order also provides that the CCA Parties and the beneficiaries of the CCA Charges are entitled to seek priority for the CCA Charges ahead of the Encumbrances on notice to those parties likely to be affected by such priority. Paragraph 47 of the Initial Order further states that it is the intention of the CCA Parties to seek priority for the CCA Charges ahead of all Encumbrances at the Comeback Hearing (which, pursuant to paragraph 64 of the Initial Order is scheduled for February 19 and 20, 2015). This Motion will be heard at the same time as the Comeback Hearing.
6. Pursuant to paragraph 54 of the Initial Order, all motions in these CCA proceedings are to be brought on not less than ten (10) calendar days' notice to all Persons on the service list. Each motion must specify a date (the "**Initial Return Date**") and time (the "**Initial Return Time**") for the hearing.
7. The service of the present Motion serves as notice pursuant to paragraphs 47 and 54 of the Initial Order.
8. Paragraph 55 of the Initial Order requires that any Person wishing to object to the relief sought on a motion in the CCA Proceedings must serve responding motion materials or a notice stating the objection to the motion and the grounds for such objection (a "**Notice of Objection**") in writing to the moving party, the CCA Parties and the Monitor, with a copy to all Persons on the service list, no later than 5 p.m. Montreal time on the date that is four (4) calendar days prior to the Initial Return Date (the "**Objection Deadline**"). Accordingly, any parties wishing to object to the relief sought on this Motion must serve responding motion materials or a Notice of Objection no later than 5 p.m. Montreal time on February 16, 2015.

9. Paragraph 56 of the Initial Order further provides that if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion may determine whether a hearing is necessary, whether such hearing will be in person, by telephone or in writing and the parties from whom submissions are required (collectively, the "**Hearing Details**"). Paragraph 57 provides that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.

**2. ORDERS SOUGHT**

10. On this Motion, the CCAA Parties hereby seek:
- a) the extension of the Stay Period in respect of the CCAA Parties until April 30, 2015, as set forth in the conclusions to this Motion; and
  - b) an order amending the Initial Order to grant priority to the CCAA Charges ahead of all Encumbrances affecting the Property whether or not charged by said Encumbrances.

**3. EXTENSION OF THE STAY PERIOD**

11. Since the issuance of the Initial Order, the CCAA Parties have acted, and continue to act in good faith and with due diligence.
12. Since the commencement of the CCAA Proceedings, the CCAA Parties have, with the assistance of and in consultation with the Monitor:
- a) met regularly with the Monitor and provided the Monitor will full co-operation and complete access to the CCAA Parties' Property, premises and books and records;
  - b) implemented procedures for the monitoring of the CCAA Parties' operations and financial circumstances, including receipts and disbursements;
  - c) held numerous meetings and discussions with certain of the CCAA Parties' creditors, suppliers and other stakeholders;
  - d) delivered the following notices of disclaimer or resiliation of agreement, with the consent of the Monitor:
    - (i) Time Charter Agreement dated October 13, 2011 between Canada Steamship Lines, a division of The CSL Group Inc., and CQIM (as may be amended, restated, supplemented or modified);
    - (ii) Railway Transportation Services Agreement dated February 3, 2010 between Consolidated Thompson Iron Mines Limited (now CQIM) and Arnaud Railway Company (as amended by Rail Transportation Services First Amending Agreement dated August 12, 2010 and Rail Transportation Services Second Amending Agreement dated March 8, 2011, as may be further amended, restated, supplemented or modified);

- (iii) Railroad Operation and Maintenance Services Agreement dated February 12, 2010 between Western Labrador Rail Services Inc. and Bloom Lake Railway Company Limited, and guaranteed by Genesee & Wyoming Inc. and Consolidated Thompson Iron Mines Limited (now CQIM) (as amended by Railroad Operation and Maintenance Services Amendment Agreement dated December 7, 2010, and as may be further amended, restated, supplemented or modified);
  - (iv) Construction Contract No. CC001 dated April 1, 2014 between Bloom Lake LP and Groupe UNNU-EBC s.e.n.c. (as may be amended, restated, supplemented or modified); and
  - (v) a rail transportation agreement which includes a provision to the effect that its terms shall be kept confidential.
- e) communicated on an ongoing basis with employees of the CCAA Parties with respect to the CCAA Proceedings including meeting with existing employees at the CCAA Parties' Montreal head office, providing written materials (in both French and English) and advising employees with respect to the Monitor's website, hotline and mailbox so that employees can obtain additional information and/or contact the Monitor directly;
  - f) as contemplated in the Motion For The Issuance Of An Initial Order (the "**Initial Petition**"), which forms part of the court record, commenced the development of a sale and investor solicitation process for the purchase of some or all of the CCAA Parties' Property or Business or the sponsorship of a plan of arrangement ("**SISP**"). The CCAA Parties anticipate that a motion will be brought for court approval of the proposed SISP in the coming weeks;
  - g) in conjunction with the development of the proposed SISP, held ongoing discussions with a view to entering into an engagement letter with Moelis & Company, an investment banker which has been providing assistance with respect to the development of the proposed SISP and discussions with potential purchasers to act as sales advisor with respect to the proposed SISP, which engagement letter will be brought forward for court approval at the same time as the proposed SISP; and
  - h) met or held discussions with parties potentially interested in purchasing or investing in some or all of the CCAA Parties' Property or Business.
13. It is respectfully submitted that the extension of the Stay Period to April 30, 2015 is required to provide the CCAA Parties with sufficient time to finalize and seek court approval of the proposed SISP, and, if approved, implement the proposed SISP. It is anticipated that a motion will be brought for court approval of the proposed SISP in the coming weeks.
  14. The CCAA Parties further anticipate that the proposed deadline in the proposed SISP for non-binding expressions of interest would be before April 30, 2015.
  15. It is anticipated that the requested extension of the Stay Period until April 30, 2015, will afford the Petitioners sufficient time to achieve these objectives.

16. The Monitor has advised the CCAA Parties that it will file its first report (the “**Monitor's First Report**”) which will include, *inter alia*, the Monitor's recommendations in respect of the requested extension of the Stay Period.
17. The Monitor's First Report will also include the CCAA Parties' revised and extended cash flow forecast for the period of January 31 to May 1, 2015 (the “**February 4 Forecast**”) which, for ease of reference is filed herewith as **Exhibit R-2**. Based on the February 4 Forecast and subject to the underlying assumptions therein, the CCAA Parties believe that there is sufficient liquidity to fund these CCAA Proceedings until April 30, 2015.
18. Consistent with the January 23 Forecast (which was attached to the Initial Petition) and as disclosed to the Court, the February 4 Forecast does not include payment of equipment financing or leases or take or pay amounts.
19. It is the position of the CCAA Parties that no parties will suffer any undue prejudice from the extension of the Stay Period and that the extension sought is appropriate under the present circumstances.
20. In light of the foregoing, the CCAA Parties respectfully ask this Court to extend the Stay Period to April 30, 2015, which date shall, for the purposes of the Initial Order, be the last day of the Stay Period, the whole subject to all other terms of the Initial Order.

#### 4. **PRIORITY OF THE CCAA CHARGES**

##### 4.1 **Movable and Immovable hypothecs**

21. As of February 4, 2015, there were 13 movable hypothecs registered against the CCAA Parties' property in Québec (the “**Movable Hypothecs**”) the whole as appears from the RPMRR (Québec) search results summary in respect of the CCAA Parties' movable property, communicated herewith as **Exhibit R-3**. Copies of the raw search results will be available at the hearing of this Motion.
22. As of February 4, 2015, there were no immovable hypothecs registered against the CCAA Parties' property in Québec (at the exclusion of the legal hypothecs in favour of persons having taken part in the construction or renovation of an immovable to which reference is made below), the whole as appears from a real estate search report (Québec) in respect of the CCAA Parties' immovable property, communicated herewith as **Exhibit R-4**.

##### 4.2 **Quebec Construction Liens**

23. As of February 4, 2015, there were 22 legal hypothecs in favor of persons having taken part in the construction or renovation of an immovable registered against immovable property and mining rights of the CCAA Parties (collectively the “**Existing Construction Liens**”), as more fully appears from: (i) a table summarizing the Existing Construction Liens communicated herewith as **Exhibit R-5**; (ii) a copy of the legal hypothecs in favor of persons having taken part in the construction or renovation of an immovable registered as of February 4, 2015, communicated herewith, *en liasse*, as **Exhibit R-6**; (iii) the index of Immovables for the relevant land files of the Land Register (Québec) communicated herewith as **Exhibit R-7**; and (iv) the search results summary from the

Public Register of Real and Immovable Mining Rights granted under the Mining Act (Québec) in respect of the CCAA Parties' mining rights communicated herewith en liasse as **Exhibit R-8**.

24. According to the foregoing exhibits, claims related to the Existing Construction Liens amount to approximately \$60,949,556.
25. It is also anticipated that additional construction liens relating to pre-filing claims (collectively with the Existing Construction Liens, the "**Construction Liens**") may be registered against the CCAA Parties' Property during the course of the CCAA Proceedings.

#### **4.3 PPSA Registrations**

26. As of February 4, 2015, there were 14 liens registered in Ontario, Newfoundland & Labrador and British Columbia against the CCAA Parties' property located in Québec by certain creditors as appears from a Personal Property Security Act (Ontario, British Columbia and Newfoundland & Labrador) search results summary in respect of the CCAA Parties' movable property communicated herewith as **Exhibit R-9** (collectively, the "**PPSA Registrations**"). Copies of the raw search results will be available at the hearing of this Motion.
27. It shall be noted that all of the CCAA Parties' equipment is located in Québec.

#### **4.4 Need for Priority CCAA Charges**

28. As more fully described in the Initial Petition, each of the CCAA Charges, the Directors' Charge and the Administration Charge, are essential to the CCAA Parties' goal of successful CCAA Proceedings and the continuance of the CCAA Proceedings.
29. The Monitor supports this position, as appears from the Pre-Filing Report of the Proposed Monitor filed with the Court on January 26, 2015, which forms part of the court record.
30. The current directors and officers have advised that they are not prepared to continue in their respective capacities unless the priority sought for the Directors' Charge on this Motion is granted. Further, the beneficiaries of the Administration Charge are essential to the success of the CCAA Proceedings and the proposed SISF.
31. The holders of the Encumbrances will benefit from the pursuit of successful CCAA Proceedings and in particular, the proposed SISF. In particular, equipment lessors and financiers will benefit from the potential assignment of their respective agreements and/or the maximization of recoveries from their respective claims.
32. Parties with Construction Lien claims will benefit from the opportunity to maximize recoveries from the CCAA Parties' real property through the proposed SISF.
33. For the purpose of this Motion, the CCAA Parties and the Monitor have not yet had an opportunity to review the validity or quantum of the Encumbrances as may be asserted and all rights are reserved in this regard.

**5. CONCLUSIONS**

34. In light of the foregoing, and on being advised that the Monitor supports the relief sought on this Motion, the CCAA Parties hereby respectfully seek the issuance of an Order substantially in the form of the draft Order communicated herewith as **Exhibit R-10**, which provides for, *inter alia*:
- a) the extension of the Stay Period in respect of the CCAA Parties until April 30, 2015; and
  - b) amending the Initial Order to grant priority to the CCAA Charges ahead of all Encumbrances affecting the Property whether or not charged by said Encumbrances.
35. The CCAA Parties submit that the notices given of the presentation of the present Motion are proper and sufficient.
36. As described above, the CCAA Parties have acted, and are acting in good faith and with due diligence and an extension of the Stay Period is appropriate in the circumstances.
37. The present Motion is well-founded in fact and in law.

**FOR THESE REASONS, MAY IT PLEASE THE COURT TO:**

**GRANT** the present Motion;

**EXTEND** the Stay Period ordered in the Initial Order rendered herein on January 27, 2015 by the Honourable Justice Castonguay (the "**Initial Order**") until April 30, 2015;

**ORDER** that paragraph 8 of the Initial Order shall be amended as follows:

8. **ORDERS** that, until and including April 30, 2015, or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the CCAA Parties, or affecting the business operations and activities of the CCAA Parties (the "**Business**") or the Property (as defined herein below), including as provided in paragraph 11 hereinbelow except with leave of this Court. Any and all Proceedings currently under way against or in respect of the CCAA Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

**ORDER** that paragraph 47 of the Initial Order shall be amended as follows:

47. **DECLARES** that the CCAA Charges shall rank in priority to any and all other existing hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property whether or not charged by such Encumbrances. For greater certainty, the CCAA Charges only extend to assets or rights against assets over which the CCAA Parties hold or acquire title.

**ISSUE** an order in the form of the draft Order communicated in support hereof as Exhibit R-10;

**WITHOUT COSTS**, save and except in case of contestation.

Montréal, February 5, 2015

A handwritten signature in blue ink, appearing to read "Blake, Cassels & Graydon", is written over a horizontal line.

**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the CCAA Parties



**AFFIDAVIT**

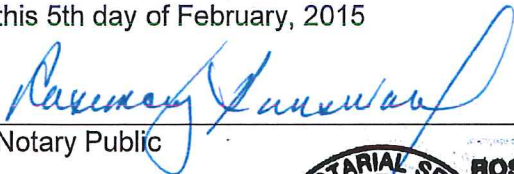
I, the undersigned, **CLIFFORD T. SMITH**, the Executive Vice-President and a director of the Petitioners, Bloom Lake General Partner Limited and Cliffs Québec Iron Mining ULC, having a place of business at 1155 Rue University, Suite 508, in the city and district of Montréal, Québec, solemnly affirm that all the facts alleged in the present *Motion for an Order extending the Stay Period and amending the Initial Order*.

AND I HAVE SIGNED:



CLIFFORD T. SMITH

SOLEMNLY DECLARED before me  
at Cleveland, Ohio, United States of America  
this 5th day of February, 2015

  
Notary Public

**ROSEMARY HAUSWALD**  
**NOTARY PUBLIC**

**STATE OF OHIO**

My Comm. Expires 10-7-15


**NOTICE OF PRESENTATION**

**TO: Service List**

**TAKE NOTICE** that the present *Motion for an Order extending the Stay Period and amending the Initial Order* will be presented for adjudication before the Honourable Stephen W. Hamilton, J.S.C., or another of the honourable judges of the Quebec Superior Court, Commercial Division, sitting in and for the district of Montreal, in the Montreal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **February 19 and 20, 2015**, at a time and in a room to be determined.

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, February 5, 2015

  
\_\_\_\_\_  
**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the CCAA Parties

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

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

---

N<sup>o</sup>: 500-11-048114-157

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

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

Petitioners

and

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP  
-and-  
BLOOM LAKE RAILWAY COMPANY LIMITED**

Mises-en-cause

and

**FTI CONSULTING CANADA INC.**

Monitor

---

**LIST OF EXHIBITS**  
**(In support of Petitioners' Motion for an Order extending the Stay Period  
and amending the Initial Order)**

---

- R-1 Initial Order;
- R-2 Cash Flow forecast;
- R-3 RPMRR (Québec) search results summary on CCAA Parties' movable property;
- R-4 Real Estate search report (Québec) in respect of the CCAA Parties' immovable property;
- R-5 Table summarizing the Existing Construction Liens;
- R-6 *En liasse*, legal hypothecs in favor of persons having taken part in the construction or renovation of an immovable registered as of February 4, 2015;
- R-7 Index of Immovables for the relevant land files of the Land Register (Québec);

- R-8 Search results summary from the Public Register of Real and Immovable Mining Rights granted under the Mining Act (Québec) in respect of the CCAA Parties' mining rights;
- R-9 PPSA search results summary on CCAA Parties' movable property;
- R-10 Draft Order.

Montréal, February 5, 2015

---

**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for Petitioners

8445223.1

N°: 500-11-048114-157

---

**SUPERIOR COURT  
DISTRICT OF MONTREAL  
(Commercial Division)**

---

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

**BLOOM LAKE GENERAL PARTNER LIMITED &  
ALS.**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP & AL**

Mises-en-cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

---

**PETITIONERS' MOTION FOR AN ORDER  
EXTENDING THE STAY PERIOD AND AMENDING  
THE INITIAL ORDER, AFFIDAVIT, NOTICE OF  
PRESENTATION AND LIST OF EXHIBITS**

---

**ORIGINAL**

---

**M<sup>tr</sup>e Bernard Boucher**

**BB-8098**

**BLAKE, CASSELS & GRAYDON LLP**

Barristers & Solicitors

600 de Maisonneuve Blvd. West

Suite 2200

Montréal, Québec H3A 3J2

Telephone: 514-982-4006

Fax: 514-982-4099

Email: [bernard.boucher@blakes.com](mailto:bernard.boucher@blakes.com)

Our File: 11573-371

The logo for the law firm Blakes, featuring the name in a stylized, cursive script.