

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF **MONTREAL**

N^o: **500-11-048114-157**

SUPERIOR COURT

Commercial Division

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

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

BLOOM LAKE GENERAL PARTNER LIMITED

QUINTO MINING CORPORATION

CLIFFS QUÉBEC IRON MINING ULC

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

Petitioners

-and-

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

BLOOM LAKE RAILWAY COMPANY LIMITED

WABUSH MINES

ARNAUD RAILWAY COMPANY

WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY PERIOD¹
(Section 11 of the *Companies' Creditors Arrangement Act*)

¹ Except as otherwise provided for herein, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bloom Lake Initial Order (as defined herein) and the Wabush Initial Order (as defined herein).

TO THE HONOURABLE MICHEL A. PINSONNAULT, J.S.C. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTRÉAL, THE PETITIONERS AND THE MISES-EN-CAUSE SUBMIT:

1. BACKGROUND

1. On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial Order (as subsequently amended, rectified and/or restated, the “**Bloom Lake Initial Order**”) commencing these proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) in respect of the Petitioners Bloom Lake General Partner Limited, Quinto Mining Corporation (“**Quinto**”), 8568391 Canada Limited (“**8568391**”) and Cliffs Québec Iron Mining ULC (“**CQIM**”) and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Bloom Lake Railway Company Limited (“**BLRC**”, together with all such other parties (other than 8568391 from and after November 21, 2019 when 8568391 ceased to be a CCAA Party upon its wind-up and dissolution), the “**Bloom Lake CCAA Parties**”), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record.
2. Pursuant to the Bloom Lake Initial Order, *inter alia*, FTI Consulting Canada Inc. was appointed as monitor to the businesses and financial affairs of the Bloom Lake CCAA Parties (the “**Monitor**”) and a stay of proceedings was ordered in respect of the Bloom Lake CCAA Parties until February 26, 2015 (the “**Bloom Lake Stay Period**”).
3. The Bloom Lake Stay Period was extended by order of the Court from time-to-time, as appears from the Court record.
4. On April 17, 2015, Mr. Justice Stephen W. Hamilton, J.S.C., issued, *inter alia*, the following orders:
 - a) an Order (the “**Sale Advisor Order**”), *inter alia*, authorizing the engagement of Moelis & Company LLC as the Bloom Lake CCAA Parties’ mergers and acquisitions financial advisor, as appears from a copy of the Sale Advisor Order, which forms part of the Court record; and
 - b) an Order (the “**SISP Order**”), *inter alia*, approving sale and investor solicitation procedures (the “**Initial SISP**”) in respect of the Bloom Lake CCAA Parties, as appears from a copy of the SISP Order, which forms part of the Court record.
5. On May 20, 2015, Mr. Justice Hamilton issued an Initial Order (as subsequently amended, rectified and/or restated the “**Wabush Initial Order**”) extending the scope of the CCAA Proceedings to the Petitioners Wabush Iron Co. Limited (“**Wabush Iron**”) and Wabush Resources Inc. (“**Wabush Resources**”) and the Mises-en-cause Wabush Mines, Wabush Lake Railway Company Limited (“**Wabush Railway**”), and Arnaud Railway Company (“**Arnaud**”, and collectively, the “**Wabush CCAA Parties**”; the Wabush CCAA Parties, together with the Bloom Lake CCAA Parties, the “**CCAA Parties**”), the whole as appears from the Court record.
6. Pursuant to the Wabush Initial Order, *inter alia*, the Monitor was appointed as the monitor to the businesses and financial affairs of the Wabush CCAA Parties and a stay of proceedings was granted until June 19, 2015 (the “**Wabush Stay Period**”; collectively with the Bloom Lake Stay Period, the “**Stay Period**”).

7. On June 9, 2015, Mr. Justice Hamilton, issued an order (the “**Wabush Comeback Order**”), *inter alia*:
- a) extending the Wabush Stay Period to July 31, 2015;
 - b) approving the Initial SISP as it relates to the Wabush CCAA Parties, *nunc pro tunc* to the date of the Wabush Initial Order, authorizing the amendment and restatement of the Initial SISP, and approving the amended and restated sale and investor solicitation procedures; and
 - c) approving the engagement of the Sale Advisor as it relates to the Wabush CCAA Parties, *nunc pro tunc* to the date of the Wabush Initial Order.

the whole as appears from a copy of the Wabush Comeback Order, which forms part of the Court record.

8. On November 5, 2015, Mr. Justice Hamilton issued an order (as amended by an order of the Court issued on November 16, 2015 and as further amended from time to time, the “**Amended Claims Procedure Order**”), *inter alia*:
- a) approving a procedure for the submission, evaluation and adjudication of claims against the CCAA Parties and their current and former directors and officers; and
 - b) ordering the extinguishment of all Claims, D&O Claims and Restructuring Claims (as each such term is defined in the Amended Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Amended Claims Procedure Order.

the whole as appears from a copy of the Amended Claims Procedure Order, which forms part of the Court record.

9. On March 26, 2018, Mr. Justice Hamilton issued an order (the “**Post-Filing Claims Procedure Order**”), *inter alia*,
- a) approving a procedure for the submission, evaluation and adjudication of post-filing claims, if any, against the CCAA Parties and their current and former directors and officers; and
 - b) ordering the extinguishment of all Post-Filing Claims and Post-Filing D&O Claims (each as defined in the Post-Filing Claims Procedure Order) not filed in accordance with the applicable deadlines set out in the Post-Filing Claims Procedure Order.

10. On April 20, 2018, Mr. Justice Hamilton issued an order (as rectified on April 25, 2018, *inter alia*, accepting the filing of a Joint Plan of Compromise and Arrangement dated April 16, 2018 (the “**Original Plan**”) by the Participating CCAA Parties, authorizing the Participating CCAA Parties (as defined therein) to hold Meetings of the Unsecured Creditor Classes (as defined therein) to consider and vote on a resolution to approve the Original Plan, and permitting amendments to the Original Plan without further order of the Court only until May 18, 2018.

11. On May 18, 2018, Mr. Justice Hamilton issued an order (the “**Amended Meetings Order**”), which, *inter alia*, accepted the filing of the Amended and Restated Joint Plan of Compromise and Arrangement in respect of the Participating CCAA Parties (as defined therein), dated May 16, 2018 (as it may be further amended, restated or supplemented from time to time, the “**Plan**”), authorizing the Participating CCAA Parties to convene meetings of Unsecured Creditor Classes (as defined therein) of the Participating CCAA Parties (the “**Meetings**”) to consider and vote on a resolution to approve the Plan.
12. The Plan effected comprehensive settlements reached in respect of Pension Claims (as defined therein), claims in respect of other post-retirement employee benefit, Other Employee Claims (as defined therein) and the Non-Filed Affiliate Employee Actions (as defined therein).
13. In particular, the Plan settled claims arising from any failure of the Wabush CCAA Parties to make certain normal course payments or special payments under the Wabush CCAA Parties' pension plans and for the wind-up deficit under the Wabush CCAA Parties' defined benefit pension plans pursuant to the *Pension Benefits Act* (Newfoundland and Labrador), the *Pension Benefits Standards Act (Canada)* and the *Supplemental Pension Plans Act (Québec)*. In connection with implementation of the Plan, Notices of Discontinuances have since been filed with the Québec Court of Appeal, the Supreme Court of Canada and the Newfoundland and Labrador Supreme Court Trial Division (General) in connection with the proceedings commenced before such courts related to such claims.
14. On June 18, 2018, the Meetings were held in accordance with the Plan and the Amended Meetings Order, and the Plan was approved by the Classes of Affected Unsecured Creditors (as defined therein), the whole as appears from the Court record.
15. On June 29, 2018, Mr. Justice Hamilton issued the Sanction Order dated June 29, 2018 (the “**Plan Sanction Order**”), the whole as appears from the Court record.
16. On July 30, 2018, Mr. Justice Hamilton issued the Plan Modification Order dated July 30, 2018, pursuant to which minor modifications were made to the Plan in order to avoid unanticipated tax consequences, the whole as appears from the Court record.
17. On July 31, 2018, the Monitor issued the Plan Implementation Date Certificate, confirming the implementation of the Plan on July 31, 2018, the whole as appears from the Court record.
18. On or about August 10, 2018, the Monitor commenced interim distributions to non-employee Affected Creditors holding Proven Claims (as defined therein) under the Plan.
19. The Monitor has informed the CCAA Parties that all Affected Creditors with secured claims that have been finally determined or resolved have been paid their payment commencing on or about August 24, 2018. As discussed in more detail below, there only remains the secured claims of Commission Scolaire du Fer, now Centre de Services du Fer (“**Commission Scolaire**”), that have been resolved in principle, pending the finalization and execution of the definitive settlement agreement which is expected to occur in the near term.

20. On or about September 5, 2018, after confirming the amount of applicable withholdings with the applicable taxing authorities, the Monitor commenced interim distributions to employee Affected Creditors holding Proven Claims under the Plan. The Monitor has informed the CCAA Parties that all employee Affected Creditors holding Proven Claims have been paid their interim distributions (these distributions, together with the interim distributions paid to non-employee Affected Creditors holding Proven Claims described earlier in this Motion, the “**Initial Interim Distributions**”).
21. On November 21, 2019, a Certificate of Dissolution was issued in respect of 8568391 and the Monitor filed a Dissolution Confirmation Certificate in respect thereto. Pursuant to paragraph 49 of the Plan Sanction Order, the CCAA Proceedings were terminated in respect of 8568391 and 8568391 is no longer a CCAA Party in these CCAA Proceedings, effective the date of the Certificate of Dissolution.
22. On December 3, 2019, the Court approved further modifications to the Plan in connection with the Court’s approval of the Wabush Late Claims (as defined below).
23. The Stay Period has been extended by order of the Court from time to time, most recently on November 30, 2020, and currently expires on May 31, 2021, as appears from the Court record.

2. ORDER SOUGHT

24. On this Motion, the CCAA Parties hereby seek the issuance of an Order which provides for the extension of the Stay Period in respect of the CCAA Parties until November 30, 2021.

3. OVERVIEW OF NOTABLE OUTSTANDING MATTERS

3.1 The Post-Filing Claims Procedure

25. On March 26, 2018, this Court granted the Post-Filing Claims Procedure Order to govern the review, determination, adjudication or compromise of Post-Filing Claims and D&O Post-Filing Claims (each as defined in the Post-Filing Claims Procedure Order).
26. The Post-Filing Claims Procedure Order provided for a claims bar date for D&O Post-Filing Claims and Post-Filing Claims of 5:00 p.m. on May 21, 2018.
27. As was previously reported to this Court, the Monitor has informed the CCAA Parties that all Post-Filing Claims filed in accordance with the provisions of the Post-Filing Claims Procedure Order, have now been finally determined, with the exception of the claims of Commission Scolaire, which as noted above, have been resolved in principle, pending the finalization of the quantum of the payment that will be received on account of its secured claim and execution of a definitive settlement agreement.
28. The finalization of the quantum of various settlement amounts had been contingent on a resolution of certain tax issues. Those tax issues have now been resolved.

3.2 Twin Falls Corporation

29. As previously reported to this Court, Wabush Iron and Wabush Resources own a 17.1% equity interest (the “**Wabush Interest**”) in Twin Falls Power Corporation Limited (“**Twin Falls**”). As at December 31, 2019, Twin Falls was also owned 33.3% by Churchill Falls (Labrador) Corporation (“**Churchill Falls**”), and 49.6% by Iron Ore Company of Canada.
30. Pursuant to Twin Falls’ Articles of Continuance dated August 1, 1980 and the voting rights attached to Class A Common Shares held by Churchill Falls: (i) Churchill Falls holds 66.7% voting control of Twin Falls; and (ii) the shareholders are entitled to share rateably in the remaining property of Twin Falls upon dissolution.
31. Pursuant to Twin Falls’ FY2019 Audited Financial Statements as at December 31, 2019, Twin Falls had approximately \$6.1 million in cash and cash equivalent assets (the “**Twin Falls Cash**”) and approximately \$46,000 of liabilities.
32. For years, both prior to and after the commencement of these CCAA Proceedings, the CCAA Parties have tried repeatedly to obtain a distribution of the Twin Falls Cash to Twin Falls’ shareholders, but such distribution has been continuously resisted by Twin Falls and Churchill Falls. The history of Twin Falls is long and complicated and is set out in significant detail in the CBCA Motion and the Monitor’s Powers Expansion Motion (each as defined below), all as appears from the Court record.
33. The CCAA Parties, with the Monitor’s support and assistance, have repeatedly tried to obtain a consensual resolution of the issues in dispute, being: (i) a distribution of the Twin Falls Cash to shareholders; and (ii) reimbursement of any amounts paid by Twin Falls for which Churchill Falls is responsible under the comprehensive maintenance obligations it undertook in respect of Twin Falls (the “**Churchill Falls Maintenance Obligations**”) and the indemnity provided by Churchill Falls to Twin Falls in respect of those obligations and environmental liabilities in connection with the Twin Falls Plant and Twin Falls Assets (as defined in the CBCA Motion) (the “**Churchill Falls Indemnity**”), each as more particularly detailed in the CBCA Motion.
34. Twin Falls and Churchill Falls have continuously failed to engage in any constructive dialogue with either the CCAA Parties or the Monitor towards a resolution of the disputed issues, leaving no choice for the CCAA Parties but to file a *Motion for the Winding Up and Dissolution, Distribution of Assets, Reimbursement of Monies and Additional Relief* under Sections 214 and 241 of the CBCA (the “**CBCA Motion**”) on November 16, 2020 for certain relief against Twin Falls and Churchill Falls in connection with the Twin Falls Cash, Churchill Falls Maintenance Obligations and Churchill Falls Indemnity.
35. Among the relief requested by the CCAA Parties in the CBCA Motion, were the following:
 - a) a confirmation of Churchill Falls’ liability for Churchill Falls Maintenance Obligations and Churchill Falls Indemnity;
 - b) an accounting from Twin Falls of all monies expended by Twin Falls in respect of maintenance and environmental costs that have not been reimbursed by Churchill Falls pursuant to the Churchill Falls Indemnity and Churchill Falls Maintenance Obligations (collectively, the “**Reimbursable Environmental/Maintenance Costs**”);

- c) a direction to Churchill Falls to reimburse Twin Falls for all Reimbursable Environmental/Maintenance Costs for distribution to the shareholders as part of the winding up and dissolution of Twin Falls; and
- d) the winding up and dissolution of Twin Falls pursuant to section 214 and/or 241 of the CBCA,

all as more particularly set out in the CBCA Motion, as appears from the Court record.

- 36. The CBCA Motion was heard on a *pro forma* basis by this Court on November 27, 2020, and at that hearing, January 29, 2021 was set as the date for the hearing of the CBCA Motion and any contestation by Twin Falls and Churchill Falls or any other interested party.
- 37. In response to the CBCA Motion, Twin Falls filed a Motion to Dismiss the Application for Lack of Jurisdiction and for Forum Non-Conveniens dated January 15, 2021 (the “**Twin Falls Dismissal Motion**”), and Churchill Falls filed a Contestation to the CBCA Motion dated January 15, 2021 (the “**Churchill Falls Contestation**”), both to be heard on January 29, 2021, along with the CBCA Motion.
- 38. Despite years of resisting a winding up and dissolution of Twin Falls, Churchill Falls informed the CCAA Parties in the Churchill Falls Contestation that Churchill Falls was going to imminently commence an originating application for a court supervised liquidation and dissolution of Twin Falls (the “**Twin Falls Liquidation Motion**”) in the Supreme Court of Newfoundland and Labrador (the “**Newfoundland Court**”). The Twin Falls Liquidation Motion was formally issued on January 21, 2021 and was to be heard on February 23, 2021, until it was adjourned.
- 39. In order to permit the parties to explore one final opportunity at a consensual resolution of the matters in dispute before the hearing of the CBCA Motion, at the request of the parties, on January 27, 2021, this Court adjourned *sine die* the CBCA Motion, the Twin Falls Dismissal Motion, and the Churchill Falls Contestation. On February 22, 2021, Churchill Falls confirmed the adjournment *sine die* of the Twin Falls Liquidation Motion (all of the foregoing adjourned proceedings, the “**Adjourned Proceedings**”).
- 40. As set out in greater detail in the CCAA Parties’ *Motion for the Expansion of the Monitor’s Powers Motion* dated May 6, 2021 (the “**Monitor’s Powers Expansion Motion**”), discussions did not advance in any meaningful way with Twin Falls or Churchill Falls in the period since the adjournment of the Adjourned Proceedings. Instead, Twin Falls and Churchill Falls, through their respective counsel, continued to demonstrate that Twin Falls and Churchill Falls will not cooperate with the CCAA Parties in connection with the realization of the Wabush Interest.
- 41. Given the continued lack of cooperation of Twin Falls and Churchill Falls and in particular their refusal to provide any documentation or information necessary for the CCAA Parties and Monitor to value the Wabush Interest, the Monitor’s Powers Expansion Motion seeks an order for the expansion of the powers of the Monitor so that it may, directly or through its counsel, among other things:
 - a) compel from any person the production of documents and information relating to the Wabush Interest, the Churchill Falls Indemnity and Churchill Falls Maintenance

Obligations in respect of the period from and after January 1, 2010 and such earlier periods as may be approved by further order of this Court from time to time (the “**Disclosure Period**”); and

- b) conduct examinations of any person reasonably thought to have knowledge relating to the Wabush Interest, Churchill Falls Indemnity and the Churchill Falls Maintenance Obligations in respect of the Disclosure Period.

42. The relief requested in the Monitor’s Powers Expansion Motion is necessary to enable the Monitor to, among other things, (i) fulfill its statutory duties to investigate and properly value the assets and the liabilities of the CCAA Parties pursuant to section 23 of the CCAA, (ii) further the valid purpose of the CCAA to maximize the recovery of Plan creditors by assisting the CCAA Parties with the recovery of value for the CCAA Parties’ creditors from one of the last remaining assets of the CCAA Parties’ estate, and (iii) facilitate the winding-up and termination of these CCAA Proceedings.

43. The CCAA Parties are seeking to have the Monitor’s Expansion Powers Motion heard on the same date as this Motion and also to make the CBCA Motion returnable on a *pro forma* basis on the same date.

3.3 Tax Updates

3.3.1 Income Taxes

44. Since the last stay extension motion, the CCAA Parties, with the assistance of the Monitor, have continued to work to resolve various outstanding income tax assessments and audits of the CCAA Parties. A summary update on the material income tax audit matters is set out below.

45. As reported to the Court in the last stay extension motion, on or about September 21, 2020, the CCAA Parties received from the Canada Revenue Agency (“**CRA**”) a proposal for adjustments to CQIM’s 2013 income tax return.

46. On or about December 14, 2020, the CCAA Parties received a proposal letter for CQIM’s 2013 taxation year which corrected certain calculation errors identified by the CCAA Parties in the September 21, 2020 proposal letter (the “**Revised CQIM 2013 Proposal**”). The Revised CQIM 2013 Proposal confirms that the audit for CQIM’s 2013 taxation year is now complete, with no resulting cash tax liabilities.

47. The CCAA Parties accordingly believe that all outstanding CRA audits in respect of the pre-filing 2010-2015 taxation period for the CCAA Parties have now been completed, as was reconfirmed orally by the CRA to the CCAA Parties’ advisors on May 5, 2021. The CCAA Parties are seeking formal written confirmation from CRA that all 2010-2015 audits of the CCAA Parties have now been completed.

48. As previously reported to the Court, with respect to post-filing taxation periods, the last material outstanding income tax audits for the CCAA Parties in respect of the post-filing 2015-2018 taxation period, were the tax audits of Wabush Resources, BLLP and CQIM.

49. As also previously reported to the Court, on February 26, 2020, the CCAA Parties had received a letter from the CRA indicating that the CRA had completed the audit of the

2016 and 2017 Arnaud amended income tax returns and that the CCAA Parties were awaiting the refund of \$41,520.86 from Revenu Québec in respect of the Arnaud amended returns. The CCAA Parties have been informed by the Monitor that the refund has now been received.

50. After months of discussions with CRA and the CCAA Parties and Monitor responding to multiple queries from CRA, on or about April 8, 2021, final proposal letters dated April 1, 2021 were received from CRA (the "**2015-2018 Final Proposal Letters**") with respect to the outstanding income tax audits of CQIM and Wabush Resources.
51. The 2015-2018 Final Proposal Letters confirm that the audits of CQIM's and Wabush Resources' 2015-2018 taxation years have been completed. In the 2015-2018 Final Proposal Letters, CRA accepted the CCAA Parties' position on all issues in dispute. As a result, all of the outstanding issues arising from the 2015-2018 income tax audits for CQIM and Wabush Resources have now been satisfactorily resolved with no resulting cash tax liabilities.
52. Given the partnership status of BLLP and its fiscal year end, BLLP's income tax results for the 2018 calendar year are reported in CQIM's 2019 return, and therefore a separate final proposal letter from CRA for BLLP was not issued for 2018. However, as the outstanding issues for BLLP were the same as those for CQIM and Wabush Resources, any similar issues arising from BLLP's 2018 fiscal period results are expected to be resolved in a similar manner.
53. The CCAA Parties are not aware of any other ongoing CRA income tax audits for the 2015-2018 period, and the CRA has confirmed to the CCAA Parties' advisors on May 5, 2021 that no such audits are currently open. The CCAA Parties are also not aware of any CRA income tax audits for the 2019 taxation year at this time.

3.3.2 Sales Taxes

54. Resolution of outstanding sales tax matters with the CRA and Revenu Québec have continued to experience slow progress. Covid-19 has exacerbated the delays. Updates on the material outstanding sales tax matters are summarized below.

(a) Disputed Sales Taxes Owing

55. In March 2021, Revenu Québec informed the Monitor that the outstanding GST and QST sales tax audits for various post-filing taxation periods in respect of CQIM, Wabush Resources and BLLP have been completed and that notices of assessment had been issued reflecting the results of these audits and were mailed to the CCAA Parties.
56. Due to delays in receiving mailed copies of the notices of assessment, the Monitor requested and received electronic copies of certain notices of assessment from Revenu Québec on April 20, 2021.
57. The CCAA Parties have received only some, but not all, of the applicable notices of assessment and the Monitor has followed up with Revenu Québec in respect of the missing notices of assessment.

58. In addition, the CCAA Parties and Monitor have sought clarification from Revenue Québec in respect of certain of the notices of assessment received from Revenue Québec but at the time of this Motion, have not yet received same from Revenue Québec. The CCAA Parties have been informed by the Monitor that it will provide an update on these sales tax matters in the Monitor's report to be filed in connection with this Motion.

(b) Sales Tax Refunds for Initial Interim Distributions of Disclaimer Damage Claims

59. The Monitor has informed the CCAA Parties that in March 2021 Revenu Québec informed the Monitor that the audits for QST in respect of QST paid on the Initial Interim Distributions in respect of damage claims from the disclaimer of contracts for the November 2018 taxation period have been completed for Wabush Resources, BLLP and Arnaud and that final notices of assessment had been issued reflecting such audits and mailed to the CCAA Parties.
60. The CCAA Parties have received the notices of assessment for: (i) Wabash Resources, dated March 12, 2021, confirming a refund of \$337,117.37 for QST for November 2018; and (ii) BLLP, dated March 3, 2021, confirming a refund of \$544,051.75 for QST for November 2018.
61. The CCAA Parties are awaiting the final notice of assessment for Arnaud, and the receipt of the refund cheques from Revenu Québec for Wabush Resources and BLLP.

(c) Return of Wabush Mines Excess Security Deposit

62. As previously reported to this Court, the CCAA Parties have been pursuing the return of an excess security deposit in the approximate amount of \$136,000.00 from CRA in respect of Wabush Mines.
63. On September 18, 2020, the CCAA Parties' counsel received a letter from CRA confirming that the corporate income tax dispute relating to the excess security deposit amount has been resolved. On November 17, 2020, the Monitor confirmed the receipt from the CRA of the balance of the excess security deposit. Accordingly, this matter is now resolved.

(d) Wabush Mines QST Refunds

64. Notwithstanding continuing efforts of the CCAA Parties and the Monitor to resolve the dispute with Revenu Québec, the payment of QST refunds owing to Wabush Mines in the amount of approximately \$728,000.00 remains outstanding since a notice of objection was filed in April 2018 (the "**Wabush Mines QST Refund**").
65. In February 2021, the Monitor received a formal ruling from Revenu Québec rejecting the CCAA Parties' objection.
66. On March 19, 2021, Wabush Mines, through their tax consultant, filed an administrative complaint with the Revenu Québec Ombudsman Office.

67. The CCAA Parties have been informed by the Monitor that on or about April 16, 2021, the tax consultant informed the Monitor that the response from the Revenu Québec Ombudsman Office was unsuccessful.
68. On May 5, 2021, a Judicial Application Originating a Proceeding for an Appeal of a Tax Assessment with respect to the Wabush Mines QST Refund (the "**Wabush Mines QST Refunds Appeal**") was filed with the Court of Québec.

(e) The Setoff Motion

69. On or about October 2, 2020, the Monitor issued a notice to Revenu Québec allowing its claim for an aggregate amount of \$13,392,752.86 with respect to unpaid QST and GST on outstanding pre-filing amounts owing by CQIM to its suppliers pursuant to a notice of allowance dated October 2, 2020 (the "**Pre-Filing Sales Tax Claim**").
70. In late 2020, the CCAA Parties were informed by the Monitor that Revenu Québec had informed the Monitor that it would set off the Pre-Filing Sales Tax Claim against the QST and GST input tax credit refund ("**ITC**") amounts owing to CQIM in the aggregate amount of \$7,459,257.85 in respect of Initial Interim Distributions paid to suppliers in respect of damage claims (the "**CQIM ITC Refund**").
71. On January 18, 2021, the Monitor filed a motion in this Court for advice and directions with respect to the ability of Revenu Québec, acting on behalf of itself and the CRA, to set-off the Pre-Filing Sales Tax Claim against CQIM, on the basis that both claims are pre-filing claims that can be set-off in accordance with section 21 of the CCAA (the "**Setoff Motion**"). The Monitor has taken the position that the proposed set-off is not permitted as the CQIM ITC Refund is a post-filing claim as it relates to damage claims arising from a post-filing disclaimer of contracts.
72. On March 19, 2021, this Court postponed the hearing of the Monitor's Setoff Motion to allow Revenu Québec to finalize and file its audit verification report on or before April 15, 2021, and its Contestation and supporting affidavit(s) to be filed on or before May 14, 2021. The hearing of the Setoff Motion is currently scheduled to be heard in August 2021.
73. Depending on the position to be taken by Revenu Québec in its contestation to be filed on or before May 14, 2021 with respect to whether certain ITCs payable to CQIM in the approximate amount of \$422,000.00, can be offset, in whole or in part, by Revenue Québec's Pre-filing Sales Tax Claim, the Setoff Motion may need to be amended, unless this issue can be resolved to the satisfaction of the Monitor.
74. The CCAA Parties have been informed by the Monitor that further details on the Setoff Motion will be provided in the Monitor's report to be filed in connection with this Motion.

3.3.3 Other Tax Matters

75. The CCAA Parties understand from the Monitor that further details on the other remaining sales tax audits will be provided in the Monitor's report to be filed in connection with this Motion.

3.4 Second Interim Distribution

76. As previously reported to this Court, a second interim distribution under the Plan (the “**Second Interim Distribution**”) was put on hold pending the resolution of the 2018 income tax audits.
77. With their satisfactory resolution as noted above, the process to affect the Second Interim Distribution was re-commenced and the Monitor has informed the CCAA Parties that the Second Interim Distributions are scheduled to be made to Affected Creditors with Proven Claims under the Plan on or about mid-May 2021. Further details of the Second Interim Distribution will be provided in the Monitor’s report to be filed in connection with this Motion.

3.5 Dissolution of BLRC and Wabush Railway

78. Paragraphs 46 and 47 of the Plan Sanction Order permit the CCAA Parties to wind-up and dissolve BLRC and Wabush Railway as soon as practicable following the issuance of the Plan Sanction Order.
79. Out of an abundance of caution, the CCAA Parties have not pursued the dissolutions of BLRC and Wabush Railway pending satisfactory resolution of the outstanding income tax audit issues. As those issues are now resolved, the CCAA Parties will now pursue the dissolutions of BLRC and Wabush Railway as soon as practicable.

3.6 Books and Records

80. As reported to the Court at the last stay extension motion, the CCAA Parties understand that there are approximately 500 boxes of documents (the “**Records**”) that are stored with a third-party storage provider and that may possibly contain books and records acquired by Buyers (defined below) as part of the Court-approved transactions completed in the CCAA Proceedings.
81. Based on list of the Records that has been obtained by the CCAA Parties (the “**Records List**”), the Records appear to be commingled amongst the various CCAA Parties, and some of the Records appear to be related to non-filed affiliates of the CCAA Parties. In addition, most of the Records are not specifically labelled and therefore the contents of those Records are not easily identifiable without having to review the contents of each of the 500 boxes.
82. The majority of the Records appear to predate the CCAA Proceedings, having been placed in storage between 2012 and 2016 and appearing to relate predominantly to the time period between 2005 and 2012.
83. The CCAA Parties have not had any employees since July 2017, and given the number of boxes, the CCAA Parties and Monitor have not incurred the time nor expense of reviewing each of the boxes of Records to verify the accuracy of the Records List nor the nature of the Records as described in the Records List. However, as described below, the CCAA Parties’ counsel has undertaken a preliminary review of a small number of documents that have been requested by one of the purchasers of the CCAA Parties’ assets.

84. The CCAA Parties reviewed all the purchase agreements entered into by the CCAA Parties and identified 3 purchasers who purchased books and records of the CCAA Parties under their purchase agreements which may be included in the Records (each a "**Buyer**"). The CCAA Parties provided the Buyers with specific written notice of the CCAA Parties' intention to dispose of the Records and an opportunity to object to the destruction of the Records within 30 days of the notice (the "**Objection Deadline**").
85. The CCAA Parties received one objection from a Buyer, Québec Iron Ore Inc. and Champion Iron Ore Limited (collectively "**QIO**"), the purchaser of the Bloom Lake Mine. QIO has requested access to a subset of the Records comprised of 48 boxes to determine whether such Records constitute Purchased Assets under the Asset Purchase Agreement dated December 11, 2015 among CQIM, Quinto, BLLP and QIO (the "**Bloom APA**").
86. The CCAA Parties conducted a preliminary review of 11 of the requested boxes to determine whether such boxes contain Excluded Assets (as defined in the Bloom APA). Based on the review, the CCAA Parties determined that, but for certain documents which constitute Excluded Assets, the 11 boxes appear to mostly contain Purchased Assets that can be released to QIO.
87. The CCAA Parties have requested that QIO execute a non-disclosure agreement (the "**NDA**") before access to any of the Records or further information regarding the Records is provided in order to preserve confidentiality. Once the CCAA Parties are in receipt of the signed NDA, the CCAA Parties will disclose to QIO the nature of the documents proposed to be excluded from the 11 boxes prior to their transfer to QIO. QIO will be provided with an opportunity to dispute the exclusion of a particular document.
88. With respect to the remaining 37 boxes, all related to Quinto, the CCAA Parties propose to send these boxes directly to QIO, subject to the terms and conditions of the NDA, including the protocol set out in the NDA (the "**Records Protocol**").
89. In accordance with the Records Protocol, QIO will be required to review the contents of the boxes within a reasonable amount of time not exceeding three (3) months from receipt of the boxes and to attest to the contents of such boxes being Purchased Assets. Under the Protocol, QIO is required to disclose to the CCAA Parties and Monitor if any of the Records contained in the boxes constitute Excluded Assets.
90. QIO will be entitled to retain those Records attested by them to be Purchased Assets and in respect of any Records identified by them as Excluded Assets, at the option of the CCAA Parties in writing, such Excluded Assets must either be: (i) returned to the CCAA Parties, or (ii) certified by QIO to have been destroyed, in each case at QIO's sole cost and expense.
91. The CCAA Parties intend to dispose of all of the remaining Records in due course that remain in its possession as they consider appropriate having regard to their obligations to preserve such Records for any periods that may be required by any laws applicable to such Records, without any further notice.

4. THE EXTENSION OF THE STAY PERIOD IS APPROPRIATE

92. Since the issuance of the Bloom Lake Initial Order and the Wabush Initial Order, the CCAA Parties have acted and continue to act in good faith and with due diligence.
93. Since the Stay Period was last extended to May 31, 2021, the CCAA Parties or their counsel have, with the assistance of and in consultation with the Monitor, *inter alia*:
- a) communicated regularly with the Monitor and provided the Monitor with full co-operation and complete access to the CCAA Parties' Property, premises and books and records;
 - b) worked to resolve various outstanding tax assessments and audits of the CCAA Parties;
 - c) responded to numerous information requests in respect of various outstanding tax audits and queries related to the CCAA Parties' income and sales tax returns;
 - d) assisted the Monitor in filing for and pursuing federal and Québec sales tax refunds;
 - e) assisted the Monitor in filing and pursuing the Setoff Motion;
 - f) advanced the Wabush Mines QST Refunds Appeal;
 - g) attended the *pro forma* hearing of the CBCA Motion;
 - h) communicated with Twin Falls, Churchill Falls and other stakeholders of Twin Falls with respect to the CBCA Motion and with respect to the adjournments of the Adjourned Proceedings;
 - i) prepared and filed the Monitor's Powers Expansion Motion;
 - j) assisted the Monitor with preparation for the Second Interim Distributions under the Plan, including the imputation agreement with a major creditor to clarify the imputation of Plan distributions against different claims of such creditor against CQIM, BLLP and Wabush Resources;
 - k) communicated with the claims administrator with respect to proofs of claim filed by certain of the CCAA Parties in respect of settlement of U.S. class actions involving foreign exchange instruments (the "**U.S. FX Class Actions Claims**");
 - l) communicated with the claims administrator with respect to proofs of claim filed by certain of the CCAA Parties in respect of settlement of the Canadian class actions involving foreign exchange instruments and providing such additional documents as requested by the claims administrator from time to time (the "**CDN FX Class Actions**");
 - m) communicated with QIO and the Monitor regarding the Records, the form of NDA and the Records Protocol; and
 - n) conducted a preliminary review of certain Records requested by QIO.

94. It is respectfully submitted that the extension of the Stay Period to November 30, 2021 is required to provide all CCAA Parties with sufficient time to, *inter alia*:
- a) continue responding to audit inquiries and follow-up inquiries from CRA and Revenu Québec and work to resolve any remaining open audit issues;
 - b) work with the Monitor to resolve outstanding issues related to the federal and Québec sales tax filings of the CCAA Parties and to obtain all sales tax refunds due to the CCAA Parties in respect thereof;
 - c) obtain the monetization or recovery in respect of the Wabush Interest, including advancing the CBCA Motion and responding to the Twin Falls Dismissal Motion and Churchill Falls Contestation;
 - d) continue to advance the Wabush Mines QST Refunds Appeal;
 - e) assist the Monitor to advance the Setoff Motion;
 - f) assist the Monitor with the finalization of the Commission Scolaire settlement;
 - g) obtain the collection of any amounts recoverable from the U.S. FX Class Actions Claims;
 - h) obtain the collection of any amounts recoverable from the CDN FX Class Actions;
 - i) finalize the NDA with QIO and arrange for delivery of certain Records to QIO in accordance with the proposed Records Protocol;
 - j) assist the Monitor with the final distributions contemplated under the Plan; and
 - k) complete the dissolution of BLRC and Wabush Railway and the remaining CCAA Parties and their subsidiaries as contemplated under the Plan.
95. It is anticipated that the requested extension of the Stay Period until November 30, 2021 will afford the CCAA Parties additional time that is needed to progress and substantially complete all of the foregoing.
96. The Monitor has advised the CCAA Parties that it supports the present Motion and the extension of the Stay Period. The CCAA Parties understand that the Monitor will file a report regarding the proposed extension of the Stay Period.
97. Considering that the majority of the CCAA Parties' assets have been sold in the context of these CCAA Proceedings, and that the ongoing expenses consist of professional fees, the CCAA Parties believe that there is sufficient liquidity to fund the estimated ongoing costs and expenses of the CCAA Parties and any obligations incurred by them until November 30, 2021.
98. The CCAA Parties have acted and are acting with good faith and due diligence, circumstances exist that make the extension of the Stay Period appropriate, and no stakeholder will be materially prejudiced by the extension of the Stay Period.

99. In light of the foregoing, the CCAA Parties respectfully ask this Court to extend the Stay Period to November 30, 2021, the whole subject to all other terms of the Bloom Lake Initial Order and the Wabush Initial Order.

5. PROCEDURAL MATTERS

100. The Petitioners submit that the notices given of the presentation of the present Motion are proper and sufficient.
101. Pursuant to paragraph 54 of the Bloom Lake Initial Order and to paragraph 56 of the Wabush Initial Order, all motions in these CCAA 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 for the hearing.
102. The service of the present Motion serves as notice pursuant to paragraph 54 of the Bloom Lake Initial Order and paragraphs 47 and 56 of the Wabush Initial Order.
103. Paragraph 55 of the Bloom Lake Initial Order and paragraph 57 of the Wabush Initial Order require that any Person wishing to object to the relief sought on a motion in the CCAA Proceedings must serve responding motion materials or a notice stating the objection to the motion and grounds for such objection (a "**Notice of Objection**") in writing to the moving party and the Monitor, with a copy to all persons on the service list, no later than 5 p.m. Montréal 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 by no later than 5 p.m. Montréal time on May 17, 2021.
104. Paragraph 56 of the Bloom Lake Initial Order and paragraph 58 of the Wabush Initial Order further provide 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**").
105. Paragraph 57 of the Bloom Lake Initial Order and paragraph 59 of the Wabush Initial Order provide that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.

6. CONCLUSIONS

106. In light of the foregoing, the Petitioners hereby respectfully seek the issuance of an order substantially in the form of the Draft Stay Extension Order (Exhibit R-1).
107. The present Motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Motion;

ISSUE an order substantially in the form of the Draft Stay Extension Order (Exhibit R-1) communicated in support hereof;

WITHOUT COSTS, save and except in case of contestation.

Montréal, May 10, 2021

Blake, Cassels & Graydon L.L.P.

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

(Court Code: BB-8098)

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Our reference: 11573-375

AFFIDAVIT

I, the undersigned, James Graham, the General Counsel & Secretary of Bloom Lake General Partner Limited, Cliffs Québec Iron Mining ULC, Quinto Mining Corporation, Wabush Resources Inc., Bloom Lake Railway Company Limited, Wabush Iron Co. Limited, and the Secretary of Arnaud Railway Company and Wabush Lake Railway Company Limited, having a place of business at 200 Public Square, Cleveland, Ohio, solemnly affirm that all the facts alleged in the present *Motion for the Issuance of an Order Extending the Stay Period* are true.

AND I HAVE SIGNED:



James Graham

SOLEMNLY DECLARED before me at
Cleveland, Ohio, on this
10th day of May, 2021



Notary Public

Irene Sisamis
Notary Public
State of Ohio
My Commission Expires
September 14, 2024

NOTICE OF PRESENTATION

TO: Service List

TAKE NOTICE that the present *Motion for the Issuance of an Order Extending the Stay Period* will be presented for adjudication before the Honourable Michel A. Pinsonnault, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montréal, in the Montréal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **May 21, 2021, at 9:30 am in virtual room #12.61.**

The coordinates to join the hearing are the following:

[Join the hearing with Microsoft Teams](#)

[+1 581-319-2194](#) Canada, Quebec (charges will apply)

[\(833\) 450-1741](#) Canada (toll-free)

Conference ID: 895 211 717#

Join by videoconference :

teams@teams.justice.gouv.qc.ca , VTC Conference ID: 1160455398

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, May 10, 2021

Blake, Cassels & Graydon L.L.P.

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

C A N A D A

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^o: 500-11-048114-157

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

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

Petitioners

-and-

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

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

LIST OF EXHIBITS

(In support of the *Motion for the Issuance of an Order Extending the Stay Period*)

R-1 Draft Stay Extension Order

Montréal, May 10, 2021

Blake, Cassels & Graydon L.L.P.

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Petitioners and the Mises-en-cause

Nº: 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 & AL.
Petitioners

-and-

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

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

**MOTION FOR THE ISSUANCE OF AN ORDER
EXTENDING THE STAY PERIOD, AFFIDAVIT,
NOTICE OF PRESENTATION AND EXHIBIT R-1**
(Section 11 CCAA)

ORIGINAL

The logo for the law firm Blakes, featuring the word "Blakes" in a stylized, cursive script font.

M^{re} Bernard Boucher

BB-8098

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