

**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)

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

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**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;**

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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

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**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)

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**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;

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**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*

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**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.**

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MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING  
THE STAY PERIOD AND NOTICE OF PRESENTATION**

ORIGINAL

**Me Gary Rivard**

**Our file: 39724.1**



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