

SUPERIOR COURT

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N°: 500-11-048114-157

DATE: June 9, 2015

PRESIDING: THE HONOURABLE STEPHEN W. HAMILTON J.S.C.

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

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

MOELIS & COMPANY LLC

Mise-en-cause

ORDER

- [1] **THE COURT**, upon reading the Wabush CCAA Parties' *Motion for the issuance of an order in respect of the Wabush CCAA Parties (1) granting priority to certain CCAA Charges, (2) approving a sale and investor solicitation process nunc pro tunc, (3) authorizing the engagement of a sale advisor nunc pro tunc, (4) granting a sale advisor charge, (5) amending the same and investor solicitation process, (6) suspending the payment of certain pension amortization payments and post-retirement employee benefits, (7) extending the stay of proceedings, and (8) amending the Wabush Initial Order accordingly* (the "**Motion**"), having examined the affidavit and the exhibits;
- [2] **CONSIDERING** the report of the Monitor dated May 29, 2015 and the submissions of counsel for the Wabush CCAA Parties;
- [3] **GIVEN** the terms of the *Initial Order* of this Court (the "**Wabush Initial Order**") dated May 20, 2015 (the "**Wabush Filing Date**") and the provisions of the *Companies' Creditors Arrangement Act*;

FOR THESE REASONS, THE COURT HEREBY:

- [4] **GRANTS** the present Motion;

PRIORITIES FOR WABUSH CCAA CHARGES:

- [5] **ORDERS** that paragraph 47 of the Wabush Initial Order shall be amended as follows:
47. **DECLARES** that each of the CCAA Charges shall rank ahead of all hypothecs, mortgages, liens, security interests, priorities, trusts, deemed trusts (statutory or otherwise), charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") [...] affecting the Property of the Wabush CCAA Parties whether or not charged by such Encumbrances [...]. For greater certainty, the CCAA Charges only extend to assets or rights against assets over which the Wabush CCAA Parties hold or acquire title, and the Interim Lender's Charge is subject to the Permitted Priority Liens (as defined in the Interim Financing Term Sheet).

SISP

- [6] **APPROVES** the sale and investor solicitation procedures ("**Initial SISP**") (Exhibit R-6) as it relates to the Wabush CCAA Parties, *nunc pro tunc* to the Wabush Filing Date.

- [7] **AUTHORIZES** the amendment and restatement of the Initial SISF to reflect the inclusion of the Wabush CCAA Parties in the CCAA Proceedings, and **APPROVES** the amended and restated sale and investor solicitation procedures (the “**SISF**”) (Exhibit R-9) attached hereto as Schedule “**A**”;
- [8] **AUTHORIZES and DIRECTS** the Wabush CCAA Parties, the Monitor and the Sale Advisor (as defined in the SISF) to take such steps as they consider necessary or desirable in carrying out the SISF in accordance with its terms as relates to the Wabush CCAA Parties, *nunc pro tunc* to the Wabush Filing Date;

SALE ADVISOR

- [9] **APPROVES** the Engagement Letter dated March 23, 2015 (Exhibit R-4A) (under seal) as relates to the Wabush CCAA Parties, *nunc pro tunc* to the Wabush Filing Date, which Engagement Letter by its terms is effective from and after January 27, 2015;
- [10] **ORDERS** that the Wabush Initial Order shall be amended to add the following title and paragraph after paragraph 32:

Sale Advisor Charge

32.1 **ORDERS** that Moelis & Company LLC (the “**Sale Advisor**”) shall be entitled to the benefit of and is hereby granted a charge and security be secured by charge over the property of each Wabush CCAA Party on a several basis securing only those fees and expenses payable by each such Wabush CCAA Party, to a maximum of USD \$5 million (the “**Sale Advisor Charge**”) as security for the Monthly Retainer Fee, Transaction Fees (each as defined therein) and expenses reimbursable pursuant to the Engagement Letter dated March 23, 2015. The Sale Advisor Charge shall have the priority set out in paragraph 47.1 of this Order.

- [11] **ORDERS** that the title appearing before paragraph 46 of the Wabush Initial Order shall be amended as follows:

Priorities and General Provisions Relating to CCAA Charges and the Sale Advisor Charge

- [12] **ORDERS** that the Wabush Initial Order shall be amended to add the following paragraph after paragraph 47:

47.1 **DECLARES** that the Sale Advisor Charge shall have priority over all claims of unsecured creditors of such Wabush CCAA Parties, but to be subordinated to the CCAA Charges and all secured claims.

- [13] **ORDERS** that paragraphs 49 through 52 of Wabush Initial Order shall be amended as follows:

49. **DECLARES** that each of the CCAA Charges and the Sale Advisor Charge shall attach (subject to the limitations set out in paragraph 32.1 hereof), as of the Effective Time, to all present and future Property of the Wabush

CCAA Parties, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

50. **DECLARES** that the CCAA Charges, the Sale Advisor Charge, the Interim Financing Term Sheet and the Interim Financing Documents and the rights and remedies of the beneficiaries of the CCAA Charges and the Sale Advisor Charge and the rights and remedies of the Interim Lender under the Interim Financing Term Sheet and the Interim Financing Documents, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) filed pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any of the Wabush CCAA Parties; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Wabush CCAA Parties (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) neither the creation of any of the CCAA Charges and the Sale Advisor Charge nor the execution, delivery, perfection, registration or performance of the Interim Financing Term Sheet or the Interim Financing Documents shall create or be deemed to constitute a breach by the CCAA Parties of any Third Party Agreement to which any CCAA Party is a party; and
 - (b) the beneficiaries of the CCAA Charges and the Sale Advisor Charge shall not have any liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges or the Wabush CCAA Parties entering into or performing their obligations under the Interim Financing Term Sheet and the Interim Financing Documents.
51. **DECLARES** that notwithstanding: (i) these proceedings and the declarations of insolvency made herein, (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any Wabush CCAA Party, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Wabush CCAA Parties pursuant to this Order and the granting of the CCAA Charges and the Sale Advisor Charge, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
52. **DECLARES** that the CCAA Charges and the Sale Advisor Charge shall be valid and enforceable as against all Property of the Wabush CCAA Parties and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Wabush CCAA Parties.

- [14] **ORDERS** that the unredacted copy of the Engagement Letter (Exhibit R-4A) shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court;

SUSPENSION OF PENSION SPECIAL PAYMENTS

- [15] **ORDERS** the suspension of payment by the Wabush CCAA Parties of the monthly amortization payments coming due pursuant to the Contributory Pension Plan for Salaried Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company and the Pension Plan for Bargaining Unit Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, *nunc pro tunc* to the Wabush Filing Date;
- [16] **ORDERS** the suspension of payment by the Wabush CCAA Parties of the annual lump sum “catch-up” payments coming due pursuant to the Contributory Pension Plan for Salaried Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company and the Pension Plan for Bargaining Unit Employees of Wabush Mines, CMC, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, *nunc pro tunc* to the Wabush Filing Date;
- [17] **ORDERS** the suspension of payment by the Wabush CCAA Parties of other post-retirement benefits to former hourly and salaried employees of their Canadian subsidiaries hired before January 1, 2013, including without limitation payments for life insurance, health care and a supplemental retirement arrangement plan, *nunc pro tunc* to the Wabush Filing Date;

EXTENSION OF THE STAY PERIOD

- [18] **EXTENDS** the Stay Period ordered in the Wabush Initial Order until July 31, 2015;
- [19] **ORDERS** that paragraph 7 of the Wabush Initial Order shall be amended as follows:
7. **ORDERS** that, until and including July 31, 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 Wabush CCAA Parties, or affecting the business operations and activities of the Wabush 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.
- [20] **ISSUES** and **SIGNS** an Amended Initial Order to reflect the amendments to the Initial Order ordered herein;

- [21] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;
- [22] **WITHOUT COSTS**, save in the case of contestation.

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STEPHEN W. HAMILTON J.S.C.